

**National Science Foundation  
Division of Institution & Award Support  
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## **Post Award Monitoring & Business Assistance Program Site Visit Review Guide**

This document, *Site Visit Review Guide*, is a component of the BFA Award Monitoring and Business Assistance Program (AMBAP). It is prepared at the trainee level to provide detailed guidance on how to prepare for an On Site Post Award Monitoring and Business Assistance (**Advanced Monitoring**) visit, conduct the review, prepare the NSF report, and prepare the letter that will be sent to the NSF awardee institution after the review is completed. It applies to all NSF awards excluding contracts and awards specifically covered by the *Facilities Management and Oversight Guide*

The AMBAP reviews assess awardee capability, performance, and compliance against the applicable elements that make up each award. For example,

- Administrative regulations and public policy requirements;
- Special and general terms and conditions, including those contained in the NSF program announcement/solicitation and grant or cooperative agreement; and the award letter.

This document defines the roles and responsibilities of BFA employees assigned to award monitoring activities and identifies core and targeted review areas. On-site review modules are included in the guide for each core and targeted review area. Each review module contains five sections as follows:

- Introduction
- Reference Documents
- Objective of Review
- Areas of Concern
- Detailed Procedures

Procedures in the modules are to be used by all staff members who conduct on site post award monitoring and business assistance reviews. This will ensure equitable treatment of all NSF awardees and consistent data collection. This consistent, equitable approach will assist NSF in using information to benchmark existing practices, establishing new policy, and evaluating employee performance.

This document is to be used in conjunction with other NSF policy and procedure documents such as the *Grant Policy Manual (GPM)*, the *Grant General Conditions* and *FDP General Terms and Conditions*. The latter two documents contain detailed information on the terms and conditions of NSF awards with references and links to OMB circulars and NSF on-line guidance located at: <http://www.inside.nsf.gov/bfa/dias/policy/start.htm>.

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# Post Award Monitoring and Business Assistance Program Site Visit Review

## I. ROLES AND RESPONSIBILITIES

The Division of Institution and Award Support (DIAS) is leading the Award Monitoring and Business Assistance Program (AMBAP) effort within the Office of Budget, Finance, and Award Management (BFA). DIAS will collaborate with other NSF divisions, particularly with the Division of Grants and Agreements (DGA), the Division of Contracts and Complex Agreements (DCCA) and the various program divisions when developing and planning on-site financial, administrative, and business assistance reviews.

### Implementation and Oversight

Within DIAS, the Cost Analysis and Audit Resolution (CAAR) Branch Chief, the Special Assistant, and the Team Leader for Monitoring will have principal responsibility for overseeing the award monitoring and business effort. Working together, these senior advisors will develop the annual review schedule and consult with DGA management to staff the reviews.

The CAAR Branch Chief serves as the principal resource for BFA staff members for advice and guidance in the performance of reviews and any follow-up deemed necessary. The CAAR Branch Chief monitors the annual schedule to ensure that reviews are taking place and reports the status of the award monitoring activity to BFA senior managers.

The Special Assistant will perform the annual risk assessment and coordinate the annual outreach to the program divisions.

The Team Leader for Monitoring will review all post award monitoring and business assistance reports and files for consistency and compliance with the Guide. The Team Leader for Monitoring, working with the CAAR Branch Chief, will establish the dates for the on site reviews. In addition, the Team Leader for Monitoring will maintain the following:

- A database indicating the status of each visit, review team members, status of the reports and correspondence, and initial follow-up.
- A notebook of site visit reports and post site visit letters issued each fiscal year.
- A file for each Post Award Monitoring & Business Assistance review performed that includes supporting documentation.

### Post Award Monitoring and Business Assistance Program Site Visit Review Teams

Teams of two to four BFA staff members typically conduct a Post Award Monitoring and Business Assistance review. The standard team configuration is a Cost Analyst serving as the team leader of the site visit review team and a Grant and Agreement Specialist. Additional team members may be other CAAR Cost Analysts or DGA Grant and Agreement Specialists serving in a training capacity. As appropriate, a Program Officer may accompany the team as a technical representative.

#### The CAAR Cost Analyst

The CAAR Cost Analyst is the leader of the site visit review team; this includes making the final decision with regard to which targeted areas will be addressed. The cost analyst is responsible for reviewing the CAAR file and bringing any significant concerns or issues that should be addressed during the site review to the attention of the Grant and Agreement Specialist and

other team members prior to the visit. The cost analyst has responsibility for leading the discussion and conducting the review while on site including reviewing relevant data. The cost analyst also has responsibility for writing the site visit report (a template for the report is included under **Appendix B**) and drafting the post site visit letter (a template is provided under **Appendix C**) for the Grant & Agreement Specialist's signature. The cost analyst will also ensure that all NSF individuals listed as receiving copies of the site visit report and the post visit letter receive their copy.

The cost analyst will work with the grant specialist to ensure that any follow-up issues are resolved.

The cost analyst will rely on the grant technician to prepare travel orders, assist with travel and logistical arrangements, and work with the DIAS Administrative Officer with regard to the budgetary aspects of travel.

### The Grant and Agreement Specialist

The Grant and Agreement Specialist is responsible for ensuring that the pre-visit activities are managed appropriately. Pre-visit activities include the following:

- Gathering data and files
- Performing a desk review of appropriate information in the award files
- Making appropriate arrangements for the review team to meet with the program staff
- Filling out **Appendix 2, Program Office Consultation**
- Making timely contact with the awardee organization to set up the parameters for the site visit
- Sending a confirmation letter to the awardee organization articulating what will be reviewed and requesting that the awardee provide any necessary pre-visit documentation in a timely manner (a sample letter is provided under **Appendix A**)
- Sharing observations and concerns gathered from the desk review with other team members prior to the visit

The DGA specialist plays a key role as a participant in the site visit. They are responsible for the discussion of the terms and conditions of the award, as appropriate, and will serve as the scribe during the on-site meetings.

After the visit, the specialist is responsible for reviewing the draft post site visit letter provided to them by the Cost Analyst. Once the specialist and analyst agree on the letter's content, it should then be signed and sent to the awardee (a sample letter is provided under **Appendix C**). If the post site visit letter articulates any issues requiring follow-up with the awardee, the specialist should monitor the situation to ensure that the awardee responds to the letter within 30 days. The specialist must provide a copy of the awardee's response to the cost analyst. The specialist will work with the analyst to determine whether the response is sufficient and adequate.

If the awardee does not respond within 30 days, the specialist should place a call to the awardee requesting a written response within 10 days. If there is still no response, a delinquency letter should be mailed to the awardee (a sample letter is provided under **Appendix D**).

The specialist assigned by DGA must be available to travel on the dates established by CAAR for the on-site review. DCCA and DGA are responsible for assigning a specialist to fully accomplish the roles and responsibilities of the Grant and Agreement Specialist. In cases

where the grantee is unable to meet on the established dates, the visit will be rescheduled to mutually agreeable dates.

The DGA Grant and Agreement Specialist will rely on the established DGA procedures for preparing travel orders, assisting with travel and logistical arrangements, and working with the DIAS Administrative Officer with regard to the budgetary aspects of travel.

## *II. PRE-SITE VISIT ACTIVITIES & PROCEDURES*

The Grant and Agreement Specialist is responsible for ensuring that the following activities take place and procedures are followed prior to going out on the site visit.

### **A. NOTIFICATIONS AND ARRANGEMENTS**

1. Notification to Awardee Institution
2. Written confirmation and request for documentation
3. Notification to NSF program officials
4. Final confirmation immediately before the site visit.

#### **1. Notification to Awardee Institution**

Contact with an awardee should be initiated with the Authorized Organizational Representative (AOR) who signed the proposal. The initial contact should be made with the AOR because the AOR assumes certain legal responsibilities with respect to ensuring proper project execution and control of Federal award funds. As such, correspondence should be addressed directly to the AOR. Once this contact is made, that individual may put the site visit team in contact with other personnel at the organization who are qualified to provide the type of information that will be necessary to ensure a successful site-visit. In such a situation, the site visit team may need to coordinate with these individuals to schedule and coordinate the site visit.

The confirmation/documentation request letter should be prepared before the initial telephone notification so that it is substantially ready to be sent immediately after the conversation. This verbal notification should normally be made approximately 4 weeks before the target date of the review. The individual should identify himself or herself as calling from the National Science Foundation's Office of Budget, Finance and Award Management. The individual should inform the AOR (or designated contact) that the purpose of the call is to schedule a site visit with their institution. The following information should be conveyed:

- ❑ the review is part of NSF's award monitoring and business assistance activities. The review is not an audit but rather an assessment of the institution's systems as they relate to the administration of NSF funds.
- ❑ the purpose of the review is to evaluate the effectiveness and efficiency of the policies and procedures that the organization has in place to manage federal funds, and in particular NSF funds.
- ❑ the areas that will be included in the review (e.g., core review areas including general management, accounting and financial system review, FCTR reconciliation, and any targeted review areas).

- ❑ the review will allow for a two-way exchange of information. It will provide an opportunity for the NSF reviewers to answer financial or administrative questions and to provide business assistance.

## **2. Confirmation letter and request for documentation**

Send the letter to the AOR to confirm arrangements made by telephone and to request documentation needed during the review. Use the sample letter contained in **Appendix A**. Courtesy copies should also be sent to the NSF Program Officer(s) and all site visit team members including the analyst / cost analyst. This will serve as the notification to NSF Officials and keep the review team apprised of progress toward preparing for the visit.

## **3. Final Confirmation**

One week prior to departure for the site visit, the specialist should call the AOR or his/her designate for final confirmation and discuss the following:

- ❑ Ask if they have any questions
- ❑ Advise the awardee if any documentation requested has not been received and that a sample of disbursements will be reviewed
- ❑ Advise the awardee that supporting documents (invoices, receipts, etc.) should be readily accessible
- ❑ Confirm that awardee personnel will be present throughout the visit to assist, if needed
- ❑ Confirm meeting time and place and obtain directions and any other logistical requirements

## **B. PRE-VISIT DESK REVIEW**

The pre-visit desk review consists of gathering data and files; performing a review of appropriate information in the award files; and obtaining information by consulting with NSF program officer(s), CAAR Cost Analysts, and other NSF and BFA officials. More detailed information on documentation to be gathered can be found in the Award Documentation Section of this Guide. In addition, reviewing the modules contained in Section III of this Guide will allow for familiarity with the kinds of questions that will need to be answered during the review.

## **C. FINAL PRE-VISIT POINTERS**

The team should meet prior to the visit to coordinate travel arrangements, exchange cell phone numbers in case of emergency and assign review modules. In general, the core review modules should be performed by the cost analyst. Depending upon the experience and expertise of the DGA specialist, the specialist can perform a number of the targeted modules independent of the cost analyst. Suggested modules for the specialist are Consultants, Sub-recipient Monitoring, Property & Equipment and Final Project Reports.

## AWARD-MONITORING SITE VISIT REVIEW CONTENT

BFA has identified core review areas required to be included in all site visit reviews to ensure that consistent standards are applied to all awardees and to provide consistent data elements for assessment of findings. In addition, targeted review areas will be identified by the review team based on the Annual Risk Assessment and input from program officers, grants specialists, cost analysts and other NSF officials. The CAAR cost analyst serving as the leader of the review team is the final decision maker with regard to which targeted areas will be addressed. It is an important distinction that the core review areas will be included in all site visit reviews while the targeted review areas will be performed only when identified by the AMBAP team that is performing that particular site visit. Core and identified targeted review areas will be documented on the Pre-Visit Risk Assessment (see **Appendix 3**).

<b>Core Review Areas for Award Monitoring Site Visits</b> <i>(Included in all site visit reviews)</i>
General Management
Accounting & Financial System Review
FCTR Reconciliation to the Accounting System

<b>Targeted Review Areas for Award Monitoring Site Visits</b> <i>(Performed when identified by the AMBAP team)</i>
Time & Effort Records for Personnel
Fringe Benefits
Travel
Consultants
Cost Sharing
Participant Support Costs
Indirect Costs
Procurement
Sub-awards & Sub-recipient Monitoring
Property & Equipment
Final Project Report

## AWARD DOCUMENTATION

Obtain and review the documentation described below. Identify the relevant targeted areas that pertain to each award in the review. Record questions or issues that come to mind so that they can be discussed with the site visit team members, NSF program officer(s), and other NSF officials before the site visit, and the cognizant awardee officials during the site visit. This information should be recorded on the DGA / CAAR Consultation worksheet, (**Appendix 1**).

### Obtain basic information for the organization to be reviewed

- ❑ Identify the organization by name and address. Include the Authorized Organizational Representative (AOR) and the Federal Cash Transaction Report (FCTR) Contact as listed in DFM records. Include telephone, fax and email addresses. This should be recorded on the General Management worksheet, (**Appendix 8**) and the Accounting & Financial System Review, (**Appendix 9**).
- ❑ Begin gathering background information regarding background information on the organization. All organizations selected for site visits should have current NSF awards. A good starting point, therefore, is DGA and DIAS/CAAR files. A review of NSF files will allow the reviewer to determine whether any reviews were performed and whether any issues were identified previously.
- ❑ Note that NSF requests information from all new awardees (see the Checklist in Prospective New Awardee Guide). The data collected includes information on the organization's structure, management, accounting system, financial statements, indirect cost rates, as well as a listing of current or recent federal awards.

### Identify the organization by type

The reviewer should determine whether the applicant is a commercial (for-profit) organization; state, local, or Indian tribal government; hospital; educational institution; or a nonprofit organization. The necessity of identifying the type of organization is important because the cost principles and administrative requirements are not the same for all organizations.

Determine the type of operation in which the organization is involved. This may include such fields as research, school district, college or university, education specialist, film production, manufacturing, services, construction, etc. For an established organization, the accounting system is usually designed to fit its particular needs. Usually, construction and research organizations will have operational job order cost accounting systems. Manufacturing and services organizations, unless already involved in Government work, will usually operate without a project cost accounting system.

This information should be recorded on the General Management worksheet, (**Appendix 8**).

## CONSULTATION WITH PROGRAM OFFICIALS

The specialist should discuss the award(s) to be reviewed with the NSF program officer(s). These are the awards identified in the Annual Risk Assessment performed by CAAR. While we have narrowed the focus to these awards, the primary purpose of the review is to assess the overall systems, policies and procedures, and practices regarding the recording and reporting of costs. Specifically, the incurrence of costs in the targeted elements on these awards provides the entry point to review the awardee's systems.

The specialist and other team members will discuss the organization's performance with the Program Officer(s) to determine whether there are any areas of concern from his/her perspective that warrant further review before or during the site visit. This discussion should be in person. However, if the team is unable to meet with the program officer, the form may be e-mailed to program officer. In general, the one-on-one meeting will give a better overall impression of the organization. The Program Office Consultation worksheet should be used to document these discussions (**Appendix 2**).

## PREPARATION FOR ENTRANCE & EXIT MEETINGS

Before going on-site, it is important to become familiar with what takes place at the entrance and exit meetings and to be aware of the information needed to ultimately complete the site visit report. This is important because it is more easily obtained while at the awardee's location rather than after you have returned to the office.

### Entrance Meeting

The grant specialist will introduce the team members and advise the awardee of the objectives of the award monitoring and business assistance site visit. This will include a discussion of the steps that will be taken to complete these objectives. This is basically an opportunity to have a face-to-face conversation about the information conveyed in the Site Visit Notification Letter. The cost analyst will explain that the team is available to answer any financial or administrative questions that the awardee may have and to provide any business assistance needed. The cost analyst will conduct the review using the review modules as outlined in Section III. The entrance meeting will be documented using **Appendix 4**, Entrance Conference.

### Exit Meeting

The cost analyst will lead the exit conference. The cost analyst or designated team member will briefly describe each issue noted during the site visit to the awardee. Each issue will be discussed along with the related recommended corrective actions necessary for satisfactory resolution. The awardee should be afforded the opportunity to ask questions about these issues, and the awardee should be advised that all issues identified are being identified preliminarily and are subject to change based on any additional information that may be obtained subsequent to the site visit. The awardee should also be advised that they will receive an official letter, Post Site Visit Letter, **Appendix C**, that details each issue noted during the visit, and, if applicable, recommendations outlining the steps necessary to resolve the issue. The cost analyst should let the awardee know that a written response to this letter will be requested within 30 days. Finally, it is important to thank the awardee for its cooperation and assistance during the site visit. The exit conference will be documented using **Appendix 5**, Exit Conference.

Also, the grant specialist should record any business assistance provided to the awardee during the site visit. This includes, but is not limited to, assisting the awardee in properly completing financial status reports, requesting award funds, interpreting policies and procedures, and providing needed information to various offices within NSF.

## SITE VISIT REPORT PLANNING

As discussed in Section I, Roles and Responsibilities, the final draft of the report will be written by the cost analyst. Throughout the review, the team leader, along with other team members, will take notes, obtain and retain any necessary supporting documentation for their assigned modules. In addition, be sure to record the names and titles of the awardee personnel who are present at the entrance and exit meetings and the personnel met with during the course of the review (obtain business cards if available).

Make note of any policies, procedures, and/or practices employed by the awardee that the team considers to be especially good and that could be considered a “best practice” and shared for the benefit of other awardees. Obtain permission from the awardee to share the information.

The analyst will need to prepare the report according to the site visit report format contained in **Appendix B**. As notes are taken and the review progresses, it is helpful to keep in mind that the report will ultimately need to account for **all of the core and selected targeted review areas** and will need to include adequate documentation to support any necessary follow-up issues.

### **III. ON-SITE REVIEW MODULES**

#### **CORE REVIEW MODULES**

##### **General Management**

###### **Introduction**

This section reviews and assesses activities related to the general management of the organization. An organizational structure provides for the proper assignment of authority and responsibility among departments, individual officers, and employees so as to furnish the necessary segregation of duties and responsibilities. Duties of the management staff must be allocated so that the responsibilities for operations, custodianship, and reporting are separate and distinct and can be immediately subjected to the challenge and scrutiny of the chief executive officer and board of directors. This is accomplished and documented through the system of internal controls. The system of internal controls includes all coordinated methods and measures adopted by an organization to safeguard its resources, assures the accuracy and reliability of its accounting and cost data to promote operational efficiency, and encourages adherence to established management policies and procedures.

###### **Reference Documents**

OMB Circular A-110, "Uniform Administrative Requirements for Grant and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations"

OMB Circular A-102, "Grants and Cooperative Agreements with State and Local Governments"  
Guide GPM, Section V, "Grantee Standards"

###### **Objective of Review**

The organization should have in place a structure that enables the efficient and effective performance of the award ensuring compliance with regulations and requirements established by NSF and the Federal Government. In addition, there should be evidence that a system of internal control is in place that constitutes the methods followed by an organization to:

- Protect assets
- Protect against the incurrence of improper liabilities
- Assure the accuracy and reliability of all financial and operating information
- Judge operating efficiency
- Measure adherence to established policies and procedures

###### **Areas of Concern**

As previously discussed, there should be clear evidence that the organization has implemented all five elements of an effective organizational structure. In smaller institutions, there is tendency to combine the elements without implementing additional safeguards and

crosschecks. This will cause a weakness in internal control and provide the opportunity for errors, waste and possible fraud.

### **Detailed Procedures**

Obtain basic information concerning the organization under review by completing the Organizational Survey, **Appendix 8**. This should be filed as worksheet Q in the site visit file.

## **Accounting & Financial System Review**

### **Introduction**

This section provides guidance for conducting financial management systems reviews of any organization regardless of its type (e.g., commercial firms; State, local, and Indian tribal governments; and educational, hospital, and other nonprofit).

Financial management systems reviews involve the overall examination of the financial management policies, procedures, and controls maintained by an organization, which affect the incurrence of costs. Generally, the incurrence and levels of costs are the result of management decisions in choosing between alternative methods of accomplishing the organization's objectives. Management decisions, which affect the organization's levels and controls over costs, relate to such matters as organizational structure, accounting systems, policies and procedures, budgeting, purchasing, personnel, internal controls.

### **Reference Documents**

OMB Circular A-110, §. 21, "Standards for Financial Management Systems"  
45 CFR Ch 6 § 602.20, "Standards for Financial Management Systems"  
GPM, Chapter V , "Grantee Standards"

### **Objective of Review**

The objective of a financial management systems review is to provide those responsible for awarding and administering Government projects with information and advice concerning the adequacy of grantees' financial management practices affecting the incurrence and control of costs.

This section reviews and assesses activities related to the budget and finance systems of an organization and includes a review of the accounting policies and procedures and a sampling of transactions to check for accuracy and completeness.

The organization should have a system that provides for the following:

- a. Accurate and complete disclosure of the financial results of Federal awards;
- b. Records that identify the source and application of funds;
- c. Effective control over and accountability for all funds, property and other assets;
- d. Written procedures 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; (if cash advance basis)
- e. Written procedures for determining the reasonableness, allocability and allowability of costs; and,
- f. Accounting records that are supported by source documentation.

### **Areas of Concern**

The following is a list of problem areas, which may be encountered while reviewing the adequacy of a financial management system. The existence of any of these deficiencies does not necessarily mean that an award cannot be processed, suspended or terminated. It does indicate,

however, that corrective or remedial action on the part of the organization is necessary to assure adequate accountability and control of costs incurred under a Government project.

- A. Absence of a Financial Accounting System - This situation may occur with new organizations, which are beginning business. It is extremely important that all organizations doing work for NSF have an operational accounting system. Otherwise, the task of administering and accounting for costs and funds under the Government project(s) cannot be relied upon, to the probable detriment of the program(s). An operational accounting is a standard method of collecting, recording, and reporting data as it relates to the control of assets, liabilities, revenues and expenses, and the results of transactions within an organization.
- B. Absence of a Project Cost Accounting System - Generally, this occurs within established organizations that are commencing business with Government agencies. Organizations which deal with commercial entities often find a general cost accounting system sufficient for the conduct of business because there is no need to report on costs incurred to their clients/customers. Rather, their chief concern is to deliver the product or service sold at a stipulated price.  
  
Under Government cost-type contracts or grants, however, the Government reimburses the contractor or grantee for the costs actually incurred - up to a specific amount - for delivering the agreed to services or products. A project cost accounting system is the standard method of collecting, recording, and reporting costs incurred by individual projects.
- C. Absence of Written Accounting Policies and Procedures - Under these circumstances, a lack of uniformity in accounting practices exists. This situation results in inconsistent treatment of similar costs incurred for like purposes under different projects. Consequently, certain projects are unfairly burdened with costs attributable to other projects.
- D. Absence of Personnel Policies and Procedures - This deficiency may lead to unfair compensation practices which may result in inequities and inconsistencies in accounting for personnel costs (e.g., fringe benefits which are paid only to employees working on Federal projects).
- E. Absence of Time and Effort Reporting Requirements - Where time and effort reporting requirements are not observed, there is considerable doubt as to the accuracy of recorded and claimed labor costs.

### **Detailed Procedures**

Obtain basic information concerning the organization under review by completing the Organizational Survey, **Appendix 8**. This should be filed as worksheet Q in the site visit file.

### Comments

- Reasonableness - a prudent person would have purchased this item and paid this price;
- Allocable - costs can be assigned to the activity on some reasonable basis;
- Allowable - costs that are allowed under public laws and regulations, and under the award agreement;
- Consistent - costs must be consistently treated: like costs must be treated the same in like circumstances, as either direct (e.g., salaries) or indirect (facilities and administrative).

An organization doing business under Government projects may have the following books of account and journals: general ledger, project cost ledger, cash receipts journal, cash disbursements journal, payroll journal, sales journal, purchases journal and the general journal.

- a) **General ledger** - This ledger contains all financial data accounts, classified in detail, summarizing all the transactions affecting assets, liabilities, and equity of an organization. This is a required ledger.
- b) **Project cost ledger** - This is a subsidiary ledger containing data by cost element (e.g., labor, materials, equipment, and travel) for each project. This ledger is required for all Government cost-reimbursable type awards.

Costs recorded in the project cost ledger should tie in with those recorded in the operating ledger and other accounting records.

The organization should have knowledge of those costs, which are expressly unallowable in accordance with the applicable laws and regulations. For example, entertainment, donations, and interest expenses are unallowable under Government projects. Accordingly, the organization should exclude such items in recording and claiming costs under Government projects. Such unallowable costs should be accounted for separately.

## **FCTR Reconciliation to the Accounting System**

### **Introduction**

The acceptance of a grant from NSF creates a legal duty on the part of the grantee organization to use the funds made available in accordance with the conditions of the grant. In fulfilling that duty the awardees are required to maintain accounting records that provide adequate support for the expenditure amounts and any other information reported on the Federal Cash Transaction Report, (FCTR). The billing system should provide reasonable assurance that billings, (FCTR's) applicable to federal awards are prepared in accordance with applicable laws and regulations, and award terms & conditions; and that material misstatements are prevented, or detected and corrected in a timely manner.

Payments may be made in advance of work performed or as a reimbursement for work performed and/or costs incurred by the grantee. However, payments may not be made in advance of a grant being signed by the grants official for the project period. Grantees may receive payments from NSF in advance of cost incurred provided that the following conditions exist:

1. Funds for the project period have been obligated by a Grants Officer in the form of a signed grant;
2. The grantee has established or demonstrated to NSF the willingness and ability to establish written procedures that will minimize the time elapsing between the transfer of funds from the U.S. Treasury and their disbursement by the grantee; and
3. The grantee's financial management system meets the standards for fund control and accountability prescribed in Section .21 of OMB Circular A- 110.

Advances to a grantee shall be limited to the minimum amount needed and shall be timed to be in accordance with the actual, immediate cash requirements of the grantee in carrying out the purpose of the approved program or project. The timing and amount of cash advances shall be as close as is administratively feasible to actual disbursements for direct program costs and the proportionate share of any allowable indirect costs.

The grantee's designated official (Accounting Officer, Business Officer, Treasurer, etc.) must submit their cash requests for payment by using either the ASAP or FastLane Cash Request systems. Grantees submit requests on a periodic basis (monthly, biweekly or other regular cycle) depending on their normal disbursement patterns. As previously discussed, such requests should be limited to the minimum amounts needed and be timed to meet the anticipated cash requirements for allowable charges to active NSF projects.

### **Reference Documents**

Grants Policy Manual Chapter IV, "Financial Requirements & Payments."

### **Objective of Review**

The objective of the review of FCTR Reconciliation is to ascertain that:

- Awardee organizations have procedures that reconcile the expenditure amount per the FCTR to the project cost summary by award.
- The organization has procedures that will minimize the time between drawdown and disbursement

## Areas of Concern

The following is a list of problem areas relative to the reconciliation of the FCTR. The existence of any of these items does not necessarily indicate that an award cannot be processed. It does suggest, however, that a problem may exist and that further investigation is warranted.

These problem areas include:

- FCTR does not reconcile to the accounting books & records
- Failure to file an FCTR for the quarter

## Detailed Procedures

The following procedures are intended to serve as a guide in the review of the FCTR reconciliation for the selected quarter.

Steps	Comments
1. At least 30 days, prior to the on-site visit obtain a copy of the latest FCTR submitted by organization. Have the organization prepare a reconciliation of the “ <i>Net Disbursement Reporting Qtr</i> ” reported by award to their project cost ledger.	1. Depending on the accounting system this information will be accumulated by individual award, at a minimum or by funding agency. (a) If the information is accumulated by funding agency, have organization provide the reconciliation for all NSF awards. (b) If the information is not accumulated by funding agency, have the organization provide a reconciliation for each award. If more than 10 awards are active, judgmentally select 10 to trace to the accounting records.
2. Review the reconciliation for accuracy and completeness. Have the AOR explain any reconciling item that is not self-evident. Any un-reconcilable difference should be questioned and adjusted on the next FCTR.	2. FCTR requests submitted by the organization do not normally reflect award costs as recorded in the basic accounting records. Normal reconciling items include both timing differences and permanent differences. Some of these items include: (a) Unallowable costs as required by the OMB Circulars, FAR, and/or grant terms (b) Incurred costs that are nonbillable because the costs do not meet specified criteria for inclusion in the FCTR requests (e.g., accrued costs that ordinarily will not be paid prior to submission of the next FCTR request to the government). (c) Costs in excess of indirect rate

ceilings.

**3.** While on-site, trace the amounts on the schedule to the books & records, (project cost ledger or summary). Document the file for any necessary follow-up. Notify DFM of any required adjustment.

**4.** Review policies & procedures for preparing FCTR requests and drawdowns. Evaluate whether the procedures minimize the time between drawdown and disbursement.

**5.** Reconciliation of FCTR to Accounting Records

**3.** The awardee should be able to demonstrate that FCTR requests are prepared directly from the cost accounting records or from other records, which are reconciled to the cost accounting records. FCTR request prepared from subsidiary ledgers and/or memorandum reports must be reconciled to the general ledger by element of cost.

**4.** Special controls and processes must be established to assure that these differences are properly removed from FCTR requests. The awardee's billing system should include processes for:

- a. Segregating and excluding unallowable costs as required by the OMB Circulars, FAR, and/or grant terms.
- b. Segregating incurred costs that are nonbillable because the costs do not meet specified criteria for inclusion in the FCTR requests (e.g., accrued costs that ordinarily will not be paid prior to submission of the next FCTR request to the government).
- c. Withholding costs that are appropriate adjustments to the request (e.g., costs in excess of indirect rate ceilings).
- d. Withholding costs subject special approval requirements or other grant limitations such re-budgeting of participant support costs.

## Time & Effort Records for Personnel

### Introduction

This section provides guidance for conducting a review of labor costs at any organization. There is detailed information describing variations by type of awardee institution.

### Reference Documents

Cost Principles contained in:

OMB Circular, A-21, Subparagraph J.10, "Compensation for Personal Services"

OMB Circular, A-122, Attachment B, Item 8, "Compensation for Personal Services"

OMB Circular, A-87, Item 8, "Compensation for Personal Services"

### Objective of Review

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

### Areas of Concern

The following is a list of problem areas relative to the charging of salaries & wages. The existence of any of these items on a particular project does not necessarily indicate that an award cannot be processed. It does suggest, however, that a problem may exist and that further investigation is warranted.

These problem areas include:

- A. Lack of written policies & procedures
- B. Lack of or inadequate time and effort records to support the salaries & wages
- C. Where budgetary estimates are, failure to confirm the validity of the estimate and make necessary adjustments.

### Detailed Procedures

<i>Steps</i>	<i>Comments</i>
1. Determine the types of personnel records that the awardee institution maintains.	1. Examples should include: <ul style="list-style-type: none"><li>▪ Name</li><li>▪ Title</li><li>▪ Job Description</li><li>▪ Salary Information and Rate of Pay</li><li>▪ Personnel actions</li><li>▪ Tax records</li><li>▪ W-2 and Withholding Forms</li><li>▪ Evaluations</li><li>▪ Records of Absences and Available Leave Balances</li></ul>
2. Determine whether the awardee has an effort reporting system as opposed to	2. Time and attendance records indicate that a particular employee was present

time and attendance records.

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.

- 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.
- Where possible select a mix of employees (i.e. scientific, administrative, exempt and non-exempt).
- Verify that the time and effort reports match the payroll period that the salary was charged to the NSF sponsored project.

Please note that some time and effort systems may be automated or kept on a computer and it may be necessary to utilize printouts or work on-line.

3. Verify the elements that appear on the time and effort reports reviewed.

3. The following elements should appear on the time and effort reports reviewed in the sample (timecard 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 employees activities) signature.

4. There are several differences in time and effort reporting and documentation requirements by OMB Circular or by type of awardee institution.

4. The following requirements apply to the organization depending on the type of institution being reviewed.

#### **OMB Circular A-21 – Colleges & Universities**

The payroll distribution system must meet the

following criteria:

- Incorporated into official records of institution and generally match the quarter or semester academic periods of the awardee institution.
- Reasonably reflect the activities for which the employee is compensated
- Encompass both sponsored activities and all other activities on an integrated basis but may include the use of subsidiary records
- May initially bill based on budgeted amounts but must recognize an after the fact confirmation that budgeted costs represent actual costs
- Significant changes must be identified
- Confirmed by employee or responsible person
- Must be prepared at least semi-annually
- Awardees systems will provide for periodic internal independent evaluations

Acceptable methods for Universities include:

- Plan confirmation
- After the fact activity reports, and
- Multiple confirmation records.

Each of these acceptable methodologies or systems has variations in the Federal requirements. For additional information see OMB Circular A-21 Attachment B Section 8 – Compensation for personal services

### **OMB Circular A-122 – Non-Profit Organizations**

Charges based on documented payroll approved by a responsible official and based on Personal Activity Reports (PARS) that meet the following criteria:

- Maintained for employees who charge time to awards either in whole or in part and either as a direct charge or as part of an indirect cost pool
- Reflect an *After-the-fact* determination of actual activity of each employee (estimates determined before services are performed do not qualify as supporting documentation).

- Account for total effort for which employees are compensated
- Signed by employee or supervisor
- Prepared at least monthly and coincide with one or more pay periods

**OMB Circular A-87 – State and Local Governments and Indian Tribes**

State and local documentation requirements depend on the types of charges and employees efforts being charged to Federal awards:

- No further documentation if employee works in single indirect cost function
- If employee works 100% of their time on only one Federally sponsored project they may use semi-annual certifications signed by that employee or their supervisor
- If employee works on more than one Federal project, on other non-federal projects, indirect and direct activities

Charges to Federal award for salaries and wages either direct or indirect will be based on documented payrolls approved by a responsible official that meet the following criteria:

- Reflect an *After-the-fact* determination of actual activity of each employee
- Account for total activity for which the employee is compensated for
- Prepared at least monthly and coincide with one or more pay periods
- Signed by the employee
- Budget estimates may be used for interim accounting purposes but do not qualify as supporting documentation
- Comparisons of actual costs to budgeted amounts must be made at least monthly and should be revised at least quarterly.

5. Effort Reporting Checklist

Answers to the following questions should be obtained and documented:

- Does the awardee institution have time and effort reports as opposed to time and attendance records?

- Does the awardee organization charge time based on actual incurred cost or based on budgeted amounts as approved by the sponsoring agency?
- Does the organization have written policies and procedures for filling out and completing the time and effort reports?
- Do the time and effort reports comply with the Federal requirements as outlined in the appropriate OMB Circular by awardee institution type?
- Do the time and effort reports contain at a minimum; employee name or identification number, project name or account code, hours worked or percentage of effort for that period, and a signature?
- Do the time and effort reports account for 100% of the effort?
- Is there an after the fact verification process and are time card changes documented in writing?
- What is the awardee organization process for ensuring that time and effort reports are complete and accurate?
- What internal procedures or reviews has the awardee institution put in place or conducted on the organizations time and effort reporting system?
- Based on the sample that has been selected and utilizing professional judgment does it appear the charges to the NSF sponsored project are adequately documented?

## **Fringe Benefits**

### **Introduction**

Fringe benefits are allowances and services provided by the organization to its employees as compensation in addition to regular wages and salaries. Fringe benefits are appropriate charges to the extent such benefits are:

- In accordance with an established, written policy of the organization.
- Required by employer/employee agreement or law.
- Treated consistently.

### **Reference Documents**

Cost Principles contained in:

- OMB Circular, A-21, Subparagraph J.10, "Compensation for Personal Services"
- OMB Circular, A-122, Attachment B, Item 8, "Compensation for Personal Services"
- OMB Circular, A-87, Item 8, "Compensation for Personal Services"

### **Objective of Review**

The primary objective of the fringe benefits review is to determine that the benefits claimed are reasonable, allowable and allocable.

### **Areas of Concern**

The following is a list of problem areas relative to the charging of fringe benefits. The existence of any of these items on a particular project does not necessarily indicate that an award cannot be processed. It does suggest, however, that a problem may exist and that further investigation is warranted.

These problem areas include:

- A. Charging fringe benefits applicable to Government awards directly while charging all other fringe benefits of the organization indirectly.
- B. Applying the rate to an incorrect base.
- C. Lack of written policies & procedures
- D. Excessive fringe benefits for executives.

### **Detailed Procedures**

The following procedures are intended to serve as a guide in the review and evaluation of fringe benefits.

<b>Steps</b>	<b>Comments</b>
<ol style="list-style-type: none"><li>1. Determine whether the organization has a negotiated fringe benefits rate with the HHS Division of Cost Allocation (DCA) or other federal agency.<ol style="list-style-type: none"><li>a. If not, was a rate negotiated for the award and documented in the award?</li></ol></li></ol>	<ol style="list-style-type: none"><li>1. For most universities with HHS-determined rates, there will not be a separate for fringe benefits. Fringe benefits are specifically identified to each employee and are charged individually as direct costs.<ol style="list-style-type: none"><li>a. The organization may not have a need for a negotiated fringe benefit rate. For example, the organization</li></ol></li></ol>

may have a single award with a rate established for that award only. Consequently, there is no need to establish a Federally Negotiated Rate.

2. If a fringe rate has been identified, compare the claimed rate to the negotiated or award rate. If the rate reconciles, then proceed to Step 4.
    - a. For rate difference, discuss with the controller or AOR.
    - b. Obtain information on the treatment of the over/under-recovery. Determine whether the organization has a written policy for handling over/under-recoveries of the fringe benefit rate.
  3. If fringe is treated as a direct cost, then judgmentally trace the fringe charge for a few employees for the job cost ledger to the payroll ledger and personnel file.
  4. Determine that the organization has written policies & procedures for fringe benefits.
2. The organization must have a written policy consistently applied for handling over/under-recoveries of the fringe benefit rate. Examples are:
    - a. Adjusting the current provisional fringe benefit rate to the actual rate.
    - b. Incorporating over/under-recoveries into the indirect cost pool.
    - c. Incorporating over/under-recoveries into the fringe benefit rate of the following year.
  3. A written policy on the type and makeup of fringe benefits paid by class of employee is needed. Organizational handbook issued to new employees may contain this information.
  4. A written policy on the type and makeup of fringe benefits paid by class of employee is needed. Organizational handbook issued to new employees may contain this information.

## Travel

### Introduction

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 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.

### Reference Documents

Cost Principles contained in:

OMB Circular, A-21, Subparagraph J.53, "Travel Costs"

OMB Circular, A-122, Attachment B, Item 51, "Travel Costs"

OMB Circular, A-87, Item 43, "Travel Costs"

### Objective of Review

The objective of the travel review is to determine if the awardee institution has acceptable written travel policies and procedures in place. Travel costs need to be adequately documented, allocable to NSF sponsored projects, and be reasonable based on award terms and conditions and the applicable OMB circular or FAR regulations.

### Areas of Concern

The following is a list of problem areas relative to the charging of fringe benefits. The existence of any of these items on a particular project does not necessarily indicate that an award cannot be processed. It does suggest, however, that a problem may exist and that further investigation is warranted.

These problem areas include:

#### Government published per diem rates

The Federal government publishes a set of per diem rates for most national and international travel locations. These daily or per diem rates are broken down into a lodging portion and a meals portion. Transportation and incidental expenses are not included in the per diem rates. The per diem rates provide a basis for looking at the reasonableness of travel costs claimed. Most NSF awardee institutions may charge at actual costs where such costs exceed per diem. However, this should be consistent with the institutions policies and applicable circular. An

appropriate organizational official should approve such exemptions in advance on a case-by-case basis.

In Travel Status – local meals and entertainment expenses are not considered allowable by classification as travel costs. NSF does not normally allow employees not in travel status or in an official business meeting to charge local meal expenses to NSF awards.

US Flag Air Carriers – Where available, NSF awardees are required to make use of US Flag air carriers even if foreign air carriers are cheaper or more convenient. Foreign flag air carriers may be used under certain circumstances identified in Grant General Conditions GC-1 (article 10 Travel): Basically, the allowable situations for use of a foreign air carriers involve: non-availability of US air carrier; intra-foreign country travel, connecting times at a foreign interchange, and total trip time by the foreign air carrier. The awardee should document at the time of travel which exemption applied. In certain situations, US Air Carriers may also enter into a code-sharing arrangement with a foreign air carrier that will still classify the flight as US Air Carrier.

Premium Airfare - First Class and Business Class airfare should not be charged to NSF awards. Awardee organizations should charge airfare to NSF at Coach or economy rates. Upgrades may be taken to use frequent flyer miles or other promotions but the rate charged to the Federal award should be made at the Coach rates. Length of travel or position within the awardee organization (Executive Director), and /or size of the traveler are not acceptable excuses to use First Class airfare.

### **Detailed Procedures**

<b><i>Steps</i></b>	<b><i>Comments</i></b>
<b>1.</b> Review the awardee's travel policies and procedures and look at supporting documentation for travel costs.	<b>1.</b> If the approved budgets of any awards to the awardee indicate that travel costs are authorized. Review procedures maintained by the awardee to control these types of activities. Note that a recipient may follow its own established travel policies and procedures, as long as they are reasonable in accordance with Federal cost principles. 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. Typically as supporting documentation one would expect to find: <ul style="list-style-type: none"><li>▪ A travel authorization document that approves the travel in advance and explains the purpose of the travel and its relation to award objectives.</li><li>▪ An after the fact expense report detailing the types of travel expenses claimed and showing advances if any and liquidation of that amount.</li></ul>

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

## Consultants

### Introduction

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 subaward agreements for the following reasons:

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

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

### Reference Documents

Cost Principles contained in:

OMB Circular, A-21, Subparagraph J.37, "Professional Service Costs"

OMB Circular, A-122, Attachment B, Item 37, "Professional Service Costs"

OMB Circular, A-87, Item 32, "Professional Service Costs"

FAR Part 31.205-33, "Professional and Consultant Service Costs"

GPM Section 616, "Consultant Services"

### Objective of Review

The primary objective of the review is to determine that the claimed costs are reasonable, allowable and allocable in accordance with the cost principles and the Grant Policy Manual.

### Areas of Concern

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.

In light of the above, during a monitoring visit, NSF should ensure that the applicable allowable daily rate limit for consultant pay was not exceeded. For maximum allowable rates, see Award and Agreement Conditions at: [http://www.nsf.gov/home/awards/awards\\_gac.htm](http://www.nsf.gov/home/awards/awards_gac.htm)

Other problem areas include:

- A. Lack of written policies & procedures
- B. Lack of or inadequately documented consulting agreements which fully disclose the rate of pay
- C. Consultant agreements that do not contain a statement of work.

### Detailed Procedures

## **Steps**

1. Request a listing of consultants being charged to the identified awards. Judgmentally select a sample of the consultant agreements for further review. Verify that the “rate of pay” does not exceed the NSF consultant limit.

2. Request to review a couple of paid invoices. Review the invoice for compliance with the agreement. Is there enough information contained on the invoice to indicate that the work performed relates to the NSF award.

## **Comments**

1. Ensure the agreement contains 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 indirects, travel, per diem & supplies)
2. The consultant invoice should contain enough information to make it possible to calculate a daily rate paid. In essence, the salary portion of the invoice should be separate and distinct from all other costs and should be reflected in dollars per hour or day.
  - Ensure that the consultant was not paid over the NSF allowable limit. Keep in mind the period of the services provided and the applicable limit at the time of the service.
  - Ensure the rates in the applicable agreement are comparable to the rates charged on the invoice.

## Cost Sharing

### Introduction

Cost Sharing (or matching) is that portion of allowable project costs that are not borne by the Federal Government. Required cost sharing under NSF awards may be expressed as a percentage of project costs and is reflected on Line M of the Form 1030, Award Budget.

### Reference Documents

OMB Circular A-110, Section .23, "Cost Sharing or Matching"  
45 CFR Ch 6 § 602.24, "Matching or Cost Sharing"  
Grant Policy Manual Section 330, "Cost Sharing and Matching"

### Objective of Review

To assess the awardee's system for documenting and accounting for claimed cost-sharing amounts. Cost sharing must meet all of the following criteria:

1. Are verifiable from the recipient's records.
2. Are not included as contributions for any other Federally assisted project or program.
3. Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
4. Are allowable under the applicable cost principles.
5. Are not paid by the Federal government under another award, except where authorized by Federal statute to be used for cost sharing or matching.
6. Are provided for in the approved budget.
7. Conform to other provisions of OMB Administrative Circulars, as applicable.

### Areas of Concern

The following is a list of problem areas relative to the claimed cost sharing. The existence of any of these items on a particular project does not necessarily indicate that an award cannot be processed. It does suggest, however, that a problem may exist and that further investigation is warranted.

These problem areas include:

- A. Cost sharing must be accounted for in the same manner as NSF-funded costs. Specifically, accounting records for cost sharing must be maintained in accordance with OMB Circular A-110, Section .21, "Standards for Financial Management Systems."
- B. Lack of written policies & procedures
- C. Lack of or inadequately documented support for the claimed cost-sharing amounts.
- D. Cost sharing records not documented by the Accounting office.

## Detailed Procedures

The following procedures are intended to provide guidance in the review of cost sharing contributions.

<i>Steps</i>	<i>Comments</i>
1. Ascertain whether cost sharing is required on the identified awardees. This should be documenting using <b>Appendix 10</b> and will be filed as worksheet R in the file.	1. Review award letter for cost sharing provisions and amendments. Line M reflects required cost sharing.
2. Determine if annual cost sharing certifications have been submitted.	2. If cumulative cost sharing on Line M is \$500,000 or more, a cost sharing certification is required as part of the annual report. These reports should be printed for use on site.
3. Review Cost Sharing Policy	3. Policy should include: <ul style="list-style-type: none"><li>▪ Allowable costs in accordance with OMB Circular A-110 and applicable cost principle.</li><li>▪ Requirement for accounting for cost sharing as part of the accounting records (by project) and maintenance of source documentation.</li><li>▪ Monitoring procedures to ensure that required cost sharing is met.</li></ul>
4. Determine the propriety of cost sharing categories of cost.	4. Discuss with organization how it intends to meet is cost sharing requirement. Determine that proposed cost sharing is necessary and reasonable for the proper and efficient accomplishment of the project. Document any variances between how the organization originally proposed meeting its cost-sharing requirement and how it is actually being met.
5. Determine the propriety of cost sharing records.  a. Organization Contributions	5.  a. Expenses funded by the organization and paid for from non-Federal sources. Accounting records must be maintained in the same manner as NSF funded expenses. For example, personnel activity reports are required

to support labor contributions.

**b.** Third-party in-kind contributions.

**b.** The value assigned to effort contributed by third-party sources should be commensurate with the salary costs which otherwise would be paid to the individual or individuals involved. If the data are not available, a comparison with salaries paid by other organizations doing similar work in the same geographic location may prove useful.

The valuation of real or tangible personal property donated by third parties should be based on their fair market value.

**6.** Determine level of risk that the organization will not meet its required cost sharing.

**6.** Discuss with organization and determine its ability to meet required cost sharing.

## Participant Support Costs

### Introduction

Participant support costs are direct costs for items such as stipends or subsistence allowances, travel allowances and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with meetings, conferences, symposia or training projects.

Funds provided for participant support may not be used by grantees for other categories of expense without the specific prior written approval of the cognizant NSF Program Officer. Therefore, awardee organizations must account for participant support costs separately.

### Reference Documents

Grant Policy Manual Section 618, "Participant Support Costs"  
OMB Circular A-122, Attachment B, Item 33, "Participant Support Costs"

### Objective of the Review

The objectives of the review of costs for participant support costs are to ascertain that:

1. Awardee organizations are accounting for participant support costs separately through the use of separate accounts, sub-accounts, sub-task or sub-ledgers.
2. Whether the organization has re-allocated proposed participant support cost to other cost categories. If so, was prior written approval obtained for the NSF program Officer.
3. Participant support costs have been excluded from the allocation base of the indirect rate(s).

### Areas of Concern

The following is a list of problem areas relative to participant support costs. The existence of any of these items does not necessarily indicate that an award cannot be processed. It does suggest, however, that a problem may exist and that the cost analyst should act accordingly.

These problems areas include:

- A. Failure to properly document that proposed participant support costs have only been expended for this purpose.
- B. Lack of written policies & procedures for documenting these costs.
- C. Failure to document the attendance of participant at workshops, symposium, etc.

### Detailed Procedures

The following procedures are intended to serve as a guide in the review and evaluation of participant support costs.

<i>Steps</i>	<i>Comments</i>
1. Determine that the organization is accounting for participant support costs separately through the use of separate accounts, sub-accounts, sub-task or sub-ledgers.	1. In order to adequately review the accumulation of participant support costs, certain background information should be supplied. The following list is not intended to be all inclusive, but rather, to be used as a guide in determining the basic information needed to perform the review.  a. A schedule of participant support costs

- proposed by category.
- b. The policies & procedures used by the organization to record the costs.
  - c. The actual costs to date as record in the project costs ledger and any subsidiary ledger or account used to segregate participant support costs from other cost categories.
  - d. Any other types of data necessary to make an informed judgment.
2. Determine that the organization *has not* transferred the budgeted cost from this category to other cost categories.
  2. Compare actual participant support cost to proposed costs. If there actual expense is significantly lower than the proposed costs, the organization should be asked to explain the reason(s) for the discrepancies. Perhaps, there will be additional costs incurred in the out years. If so, there should be budget for those expenses. If the organization is unable to explain the reason, ascertain whether the NSF program officer has been notified and given written approval to re-budget the cost.
  3. Determine that participant support costs have been excluded from the allocation base.
  3. This should be accomplished during the review of indirect. As the calculation is verified for accuracy, this cost should be subtracted from total costs to get the MTDC base.

## Indirect Costs

### Introduction

1. 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 shall 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.

2. Award actions may contain indirect cost rates and bases that do not agree with the organizations 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 their 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 / contract.

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.

### Reference Documents

Guidance contained the circulars:

OMB Circular, A-21, Paragraphs A through H

OMB Circular, A-122, Attachment A

OMB Circular, A-87, Attachments A, C, D and E

FAR Part 31.205, "Selected Costs"

GPM 630, "Indirect Costs"

### Objective of Review

The objectives of this review is to ascertain whether: (a) the organization has a current rate established with NSF or another Federal agency, (b) the organization is accounting for indirect costs in accordance with the established rate methodology (see Negotiated Rate Agreement), and (c) the organization is claiming indirect costs in accordance with the terms and conditions contained in the Grant.

## Areas of Concern

The following is a list of problem areas relative to the charging of indirect costs. The existence of any of these items suggests that a problem may exist and that further investigation is warranted.

These problem areas include:

- A. Direct charging of normal indirect costs (e.g., business office manager, comptroller, rent).
- B. Inconsistent treatment of certain items as direct or indirect costs (e.g., fringe benefits, toll charges on long distance calls, equipment purchases).
- C. Applying the indirect cost rate to an incorrect allocation base (e.g., applying an indirect cost rate developed on a salaries and wages base to the total direct costs of a project).
- D. Applying the indirect cost to awards based on contract / grant terms rather than actual indirect cost methodology.

## Detailed Procedures

The following procedures are intended to serve as a guide in the review and evaluation of indirect costs.

<b>Steps</b>	<b>Comments</b>
<p>1. Determine whether the institution has a currently effective indirect cost rate established with NSF or another Federal agency.</p> <p>Note: The Organization may not require a negotiated indirect cost rate. For example, the organization may have an award with a rate established for that award only and there is no need to establish a Federally Negotiated Indirect Rate. If a negotiated rate agreement exists the HHS web site (<a href="http://rates.psc.gov/new_search.html">http://rates.psc.gov/new_search.html</a>) can be accessed to determine the currently approved indirect cost rate and the basis used to calculate indirect costs.</p> <p>2. Determine whether the organization is in compliance with the items identified in the comments column.</p>	<p>1. Based on the review of the organization under "Planning for a Site Visit" are any NSF awards impacted by the organization not having a current Negotiated Indirect Cost Rate?</p> <p>Is NSF the cognizant agency responsible for negotiating an indirect cost agreement with this organization on behalf of the Federal Government?</p> <p>If either of the above applies, discuss with the organization the requirements for them to submit indirect cost proposals and work on a schedule to get the organization up to date.</p> <p>2. Consistently treating the costing of such items as fringe benefits, equipment, materials, long-distance toll calls, ADP, etc.</p> <p>Determine that the organization can identify and segregate unallowable costs.</p> <p>Does the organization have policies and procedures in place identifying whether costs are to be treated as direct or indirect?</p> <p>Does the organization have controls that identify and segregate unallowable cost?</p>

**3.** Based on the mix of awards being reviewed, select one or more awards for indirect cost review. (One billing from each award selected.)

**3.** Determine whether the organization is accounting for indirect costs in accordance with the established rate methodology (see Negotiated Rate Agreement)

Determine that the organization is claiming costs in accordance with the terms and conditions contained in the Grant Letter.

Based on the above sample, are indirect costs booked to the project in accordance the established accounting methodology?

Using the sample identified above, determine that costs are claimed, through the FCTR, based on the terms and conditions of the award letter.

**4.** Is the organization properly identifying the over and under recovery of indirect cost?

**4.** Under absorbed indirect cost may be used for cost share.

Recovery of indirect costs above actual expenditures can be used to fund additional award activity.

Under/over recovery of indirect costs should be shown as other income / loss on the financial statements.

Any cost allocable to a particular award or other cost objective may not be shifted to other Federal awards to overcome funding deficiencies.

Under recovery of cost is not an expense and should not be included in the indirect cost pool.

## Procurement

### Introduction

Procurement relates to the purchase of supplies and other expendable property, equipment, real property, and other services, including subcontracts and consultants. OMB Circular A-110 makes a distinction between subawards and contracts. OMB Circular A-133 Section 210 further defines subrecipients (subawardees) and vendors (contractors). The procurement standards of A-110 apply to vendor relationships. OMB Circular A-133 Section 210 Subparagraphs (c) & (d) defines goods and services received by vendors as follows:

Payment for goods and services. Characteristics indicative of a payment for goods and services received by a vendor are when the organization:

1. Provides the goods and services within normal business operations;
2. Provides similar goods or services to many different purchasers;
3. Operates in a competitive environment;
4. Provides goods or services that are ancillary to the operation of the Federal program;  
and
5. Is not subject to compliance requirements of the Federal program.

Use of judgment in making determination. There may be unusual circumstances or exceptions to the listed characteristics. In making the determination of whether a subrecipient or vendor relationship exists, the substance of the relationship is more important than the form of the agreement. It is not expected that all of the characteristics will be present and judgment should be used in determining whether an entity is a subrecipient or vendor.

### Reference Documents

OMB Circular A-110, Section 2, "Definitions"

OMB Circular A-110, Sections 40 through 48, "Procurement Standards"

45 CFR Ch 6 § 602.3, "Definitions"

45 CFR Ch 6 § 602.36, "Procurement"

OMB Circular A-133, Section 210, "Subrecipient and Vendor Determinations"

### Objective of Review

This section reviews and assesses activities related to the procurement of supplies and other expendable property, equipment and other services with Federal funds. The focus is on whether the organization has a purchasing manual with written policies and procedures, ensuring that procurements are conducted competitively, and that files and detailed records are maintained documenting the basis of all procurements and purchases.

### Areas of Concern

The following is a list of problem areas relative to the review of procurement systems. The existence of any of these items on a particular project does not necessarily indicate that an award cannot be processed. It does suggest, however, that a problem may exist and that further investigation is warranted.

These problem areas include:

- A. No clear distinction between a procurement award and a subaward. (See introduction above.)

- B. Lack of written policies and procedures.
- C. Inadequate separation of duties.
- D. Inadequate documentation in procurement files, including inadequate support for reasonableness of price.

**Detailed Procedures**

<b>Steps</b>	<b>Comments</b>
<p>1. Review organizational environment:</p>	<p>1. Verify the following:</p> <ul style="list-style-type: none"> <li>a. Clear lines of authority are delineated.</li> <li>b. Procurement, receiving, and finance functions (accounts payable/disbursing) are adequately segregated.</li> <li>c. Controls are in place to ensure that delegations are not exceeded and that policies are followed.</li> <li>d. Approval level for sole source procurements is appropriate.</li> <li>e. Written Standards of Conduct are maintained as required by OMB Circular A-110 .42.</li> </ul>
<p>2. Review policies and procedures:</p>	<p>2. OMB Circular A-110 .44 requires <u>written</u> procurement procedures. Of particular concern are:</p> <ul style="list-style-type: none"> <li>a. Maximum competition. (The FAR requires competition for purchases over \$2,500.)</li> <li>b. Review procedures for other than full and open competition to ensure that competition is sought to the maximum extent practical.</li> <li>c. Some form of cost and price analysis is required in every procurement file (A-110 .45).</li> <li>d. Required flow down provisions are included in the contracts/agreements.</li> </ul>
<p>3. Transaction Tests</p>	<p>3. Accounting documentation should be traced from the check back to the receiving report, award document, and requisition. The procurement pre-award file should be reviewed to verify that procurement policies were followed, competition was sought, and the awarded amount is justified by an adequate cost and price analysis.</p>

## **Sub-awards & Sub-recipient Monitoring**

### **Introduction**

Determine if the awardee institution or the NSF award being reviewed contained subcontract(s) with other organization(s) to perform a substantial portion of the work or research under the NSF award. Please note that a differentiation should be made between sub-recipient and a vendor (see OMB Circular A-133 section 210 for guidance on determining if a sub-awardee is a vendor or a sub-recipient). A vendor provides goods or services in a competitive environment as its normal course of business (example - selling computers). A sub-recipient has programmatic decision making responsibilities for performance in carrying out a portion of the research or project (example – sub-awardee conducts testing and evaluation of chemical compounds or materials).

Sub-recipient monitoring requirements do not apply to vendors. However, prime awardee organizations are required to have in place a system to monitor the sub-awards issued by that prime on Federally sponsored projects. If the organization being reviewed has sub-awards (and is not just purchasing items from vendors to use on the project), they are responsible for monitoring the activities of those sub-recipients.

### **Reference Documents**

OMB Circular A-110, Section 2, “Definitions”

45 CFR Ch 6 § 602.3, “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”

General Grant Conditions (GC-1)

### **Objective of Review**

Prime awardees are responsible for certain pre-award and post award monitoring of their sub-recipients. Exactly what steps are taken and how closely awards are monitored depends on the type of subaward, the sub-awardee institution, dollar value or complexity of the subaward, and other factors. In addition, the prime awardee may have a plan to target review based on risk.

### **Areas of Concern**

The following is a list of problem areas relative to subawards and sub-recipient monitoring. The existence of any of these items on a particular project does not necessarily indicate that an award cannot be processed. It does suggest, however, that a problem may exist and that further investigation is warranted.

These problem areas include:

- A. Distinction between a procurement award and a subaward. (See introduction above.)
- B. Inadequate pre-award documentation as detailed below.
- C. Subaward agreement missing some, or all, required flow down provisions.
- D. Judgmental nature of adequate monitoring (See A-133 Compliance Supplement on Subrecipient Monitoring.)

## Detailed Procedures

Selection, sole sourcing justification, competition, and other additional requirements appear in the module on procurement. This section module is limited to the administrative steps taken by the awardee as part of the sub-recipient monitoring plan.

<b>Steps</b>	<b>Comments</b>
<b>1. Sub-recipient Monitoring Requirements</b>	<p><b>1.</b> The prime awardee is responsible for determining that the amount to be paid the sub-awardee organization is reasonable for the work to be performed.</p> <ul style="list-style-type: none"><li>▪ Reviewers should note that some form of Cost or Price Analysis should be performed by the prime awardee to document that the amount subcontracted for is reasonable in relation to the work to be performed. The depth of the analysis should be related to the dollar amount of the subaward.</li><li>▪ Cost analysis is the review of the different items of cost being proposed in the subawardees budget. If cost analysis is used the prime should review the subawardees indirect cost rate agreement or may need to develop an indirect cost rate for that sub-awardee.</li><li>▪ Price analysis is the comparison of different offers from different sub-awardee organizations where multiple proposers provide adequate competition.</li></ul>
<b>2. Pre-award Review</b>	<p><b>2.</b> The prime awardee should perform certain procedures before making a substantial subaward to a sub-recipient. This requires that the prime awardee ensure the following with regard to the sub-awardee:</p> <ul style="list-style-type: none"><li>▪ Ability to perform (both technically and administratively)</li><li>▪ Adequate accounting system (a project cost accounting system)</li><li>▪ Financial capability to perform</li><li>▪ Appropriate indirect cost rate and application base</li><li>▪ Not been debarred or suspended from receiving Federal grants or contracts</li></ul>

### 3. Making the Subaward

3. Certain compliance requirements on Federal awards also apply to subawardees under those awards. These are called “flow through” provisions. Prime awardees are responsible for including these provisions in sub-awards using Federal funds. Provisions that should be in sub-awards beyond statement of work, payment, and deliverables include:

- Audit & access to records
- Prime awardees right to perform site visits both technical and administrative
- Cost Principles (OMB Circulars A-21, A-87, A-122, or FAR Part 31) and Administrative Requirements (procurement in OMB A-110)
- 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 CG-1 Article 8 – Significant Project Changes for a list of CG-1 Articles that must be included in subaward instruments).

Prime awardees should also consider if there is a need to include any special award conditions such as the following:

- Advance or periodic payments,
- Attaching payment to milestones
- Reimbursement after performance
- Progress or technical reporting requirements
- Financial or business reporting requirements, and
- Other special award conditions

### 4. Post Award Monitoring

4. Prime awardees are responsible for certain post award monitoring of their sub-recipients. Exactly what steps are taken and how closely awards are monitored depends on the type of subaward, the sub-awardee institution, dollar value or complexity of the subaward, and other factors. In addition, the prime awardee may have a plan to target review based on risk. However, the following is a list of activities prime awardee entities

should be taking on sub-awardee organizations through application of the site review plan:

- Some form of risk analysis and classification of sub-awardee entities or by subaward
- Evaluate and document performance through progress and/or other technical reports
- Receive OMB Circular A-133 reports (if over \$500,000/year in Federal funds)
- Resolve audit report findings and questioned costs if the prime awardee is responsible
- Additional audit work or financial reviews may be appropriate
- Notify Federal government of significant developments
- It may also be necessary to review and approve indirect cost rates in certain circumstances
- Payment provisions & liquidation of advances
- Satisfactory progress both technically and administratively has been documented
- Close out the award

## 5. Sub-recipient Award Monitoring Checklist

5. Answers to the following questions should be obtained:

- Does the prime awardee have a plan in place for monitoring subawardees?
- Does this plan include a risk assessment to target certain sub-awardee organizations for more detailed review?
- Is there documentation that the sub-awardee monitoring plan is being implemented?
- 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?
- Does the prime awardee perform technical or business site visits to monitor progress?
- Are copies of such site visit reports available?
- Has the prime awardee insured that required A-133 reports are received

and findings in those reports pertaining to the subaward are followed up on?

- Does the prime ever require back up supporting documentation prior to approving an invoice?
- Has the prime performed audits or financial reviews on sub-awardee organizations?
- Are required reports (monthly status, annual progress, or final technical) being received in a timely manner?
- What are the prime's closeout procedures when the subaward is completed?
- Are there any other sub-awardee monitoring activities undertaken by the prime awardee (example – PI site visit to sub-awardee site to meet with and discuss progress).
- Select a subaward and check the file to determine if documentation exists to show the prime awardee is doing an adequate job of monitoring?

## Property & Equipment

### Introduction

Many NSF award budgets provide for the purchasing of equipment to accomplish grant objectives. Awardee institutions that purchase equipment with NSF funds are required to maintain adequate property records, maintain an inventory listing of all property, and maintain safeguards against loss, theft, and damage.

Equipment is defined by the US Government as non-expendable property costing more than \$5,000 and having a useful life of more than one year. Awardee institutions can define the equipment threshold using more restrictive terms in their own internal policies and procedures (i.e. \$3,000 and two years useful life) but, must be consistent in application. Only a few NSF awards provide for the acquisition of real property (land) and these cases are mainly limited to facilities and MREFC projects.

### Reference Documents

Administrative Requirements contained in:

- OMB Circular A-110, Section 2, "Definitions"
- OMB Circular A-110, Sections 30 through 37, "Property Standards"
- 45 CFR Ch 6 § 602.3, "Definitions"
- 45 CFR Ch 6 § 602.36, "Procurement"
- Grant Policy Manual Section 540, "Property Management Standards"

Cost Principles contained in:

- OMB Circular A-21, Subparagraphs J.14, "Depreciation and Use Allowances" and J.18, "Equipment and Other Capital Expenditures"
- OMB Circular A-122, Attachment B, Items 11, "Depreciation and Use Allowances" and 15, "Equipment and Other Capital Expenditures"
- OMB Circular A-87, Attachment B, Items 11, "Depreciation and Use Allowances" and 15, "Equipment and Other Capital Expenditures"

### Objective of Review

To assess whether the claimed equipment purchased with Federal funds are being accounted for in accordance with Federal rules and regulations. Also, to ascertain whether equipment purchased using NSF funds are for scientific purposes, not general office equipment.

### Areas of Concern

The following is a list of problem areas relative to the charging of property and equipment. The existence of any of these items on a particular project does not necessarily indicate that an award cannot be processed. It does suggest, however, that a problem may exist and that further investigation is warranted.

These problem areas include:

- A. Inadequate documentation of Federally funded equipment.
- B. Failure to exclude Federally funded equipment from the depreciation schedule or indirect cost pool.

- C. Failure to exclude claimed direct equipment from the allocation base.
- D. Failure to document and demonstrate the allocability of “normally general office equipment” to the NSF award.

**Detailed Procedures**

<i>Steps</i>	<b>Comments</b>
1. Documentation to be obtained	1. Copies of the following should be obtained: <ul style="list-style-type: none"> <li>▪ Awardee policies and procedures regarding equipment and inventory</li> <li>▪ Most recently completed inventory</li> </ul>
2. Title to Equipment	2. For most NSF awardees (colleges and Universities and Non-profits) title to equipment vests with the awardee organization upon completion of the award or after the equipment is no longer needed.  For commercial organizations and large research facilities, NSF typically either retains title or maintains a reversionary interest in the property (these awardees should notify NSF after expiration of the award to obtain disposition instructions).  Awardees are not to use NSF purchased property to provide services to outside organizations at a fee that is less than private companies charge for equivalent services. Property purchased with NSF funds should be first used on that project, then on other NSF projects, and then on other Federally sponsored projects. User charges shall be treated as program income.
3. Property Records	3. The awardees property management or inventory system for Federally purchased equipment should be accurately maintained and should include the following information: <ul style="list-style-type: none"> <li>▪ Description of the item of equipment</li> <li>▪ Manufacturer’s serial number or other identification number</li> <li>▪ Source of equipment and award number that the funding came from</li> <li>▪ Acquisition date</li> <li>▪ Share of Federal participation if awardee also provided funds to purchase the equipment</li> <li>▪ Location of Equipment</li> </ul>

- Condition of the equipment
- Unit Acquisition cost
- Disposition data if the equipment is disposed of or sold
- Detail if Federally owned or if title vests with the awardee

4. Additional Review Steps:

4. Obtain answers to the following questions:
- Does the organization have procedures in place to insure 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?
  - Is equipment purchased with NSF funds of a scientific nature and purpose or is it general office equipment? This can be particularly tricky as far as computers go because they can have multiple uses and the current use may be difficult to determine. If in doubt, then consult with the program officer or see if it was approved in the original approved budget.
  - Does the awardee undertake a review and inventory of equipment at least every two years? What was the date of the most recent inventory?
  - Do the awardee inventory records contain all the information or data fields identified above?
  - Do the awardee 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 indirect costs? How is this done?
  - What is the institution's policy with respect to the use of equipment purchased after it is no longer needed on the NSF project? What if it is only needed intermittently?
  - If time permits and the awardee has purchased a number of items of equipment with NSF funds, the site reviewers may want to select a sample of equipment from the

inventory records and have the awardee institution take site reviewers to “touch” the property. Inventory serial numbers should be verified to equipment on location.

## **Final Project Reports**

### **Introduction**

NSF requires technical project reports for all assistance awards. Information from these reports is used in annual reports to Congress to demonstrate the Foundation’s performance as mandated by the Government Performance and Results Act (GPRA) of 1993. These reports also provide NSF Program Officers and administrative offices with information on the progress of supported projects and the way these funds are used. Information in these reports may be made available to the general public through the Freedom of Information Act (FOIA).

### **Reference Documents**

- OMB Circular A-110, Section 51, “Monitoring and Reporting Program Performance”
- 45 CFR Ch 6 § 602.40, “Monitoring and Reporting Program Performance ”
- GPM Sections 342, “Final Project Reports” and 812.3, “Release of Project Reports”

### **Objective of Review**

Within 90 days following expiration of the grant, a final project report must be submitted electronically via the NSF FastLane system. In addition, the grantee also shall provide to the cognizant NSF program officer, within 90 days following the expiration of the grant, any unique reports or other end items specified in the award letter (e.g., special cost sharing reports), including any report requirements set forth in any NSF brochure, guide, solicitation, etc., referenced in the award as being directly related to either the award or the administration of the award.

The primary objective of the review is to determine whether the institution has a system in place to assure that final project reports are submitted in a timely manner.

### **Areas of Concern**

The following is a list of problem areas relative to the charging of final project reports. The existence of any of these items on a particular project does not necessarily indicate that an award cannot be processed. It does suggest, however, that a problem may exist and that further investigation is warranted.

These problem areas include:

- A. Failure to submit the final project report
- B. Lack of written policies & procedures regarding the submission of the final project reports.
- C. Inadequate grant closeout policies and procedures.
- D. Inadequate exit interview procedures for principal investigators leaving the institution.

### **Detailed Procedures**

***Steps***

***Comments***

1. Request a list of outstanding final projects reports from the DIAS Special Assistant for Risk Assessment. Present the list to the organization.

2. Request a copy of policies & procedures for submission of Final Project Report. Also discuss whether these policies have been incorporated into the grant and / or award closeout procedures.

1. Inform the AOR and Sponsored Research Office of their responsibility to ensure that final project reports are timely submitted and of the increased emphasis by NSF to make sure that these reports are filed.

- NSF Program Officers are responsible for ensuring that Final Project Reports on prior, expired grants have been submitted by PI/PDs before new grants are made to those PI/PDs.
- Failure to provide final technical reports on a timely basis will delay NSF review and processing of pending proposals for all identified PIs and co-PIs on a given award.

#### IV. POST SITE-VISIT ACTIVITIES

##### SITE VISIT REPORT REVIEW PROCESS

As soon as is practical upon the completion of the award monitoring site visit, the Team Lead / Cost Analyst should submit the draft site visit report and the draft post site visit letter to the CAAR Team Leader for Monitoring for review and approval.

The CAAR Team Leader for Monitoring should:

- ❑ Review the report and letter for completeness,
- ❑ Ensure that adequate documentation is included for follow-up issues, and
- ❑ Indicate that they have reviewed and approved the report.

Beginning in FY 2006 site visit reports and letters should be issued within 30 days of the completion of the site visit.

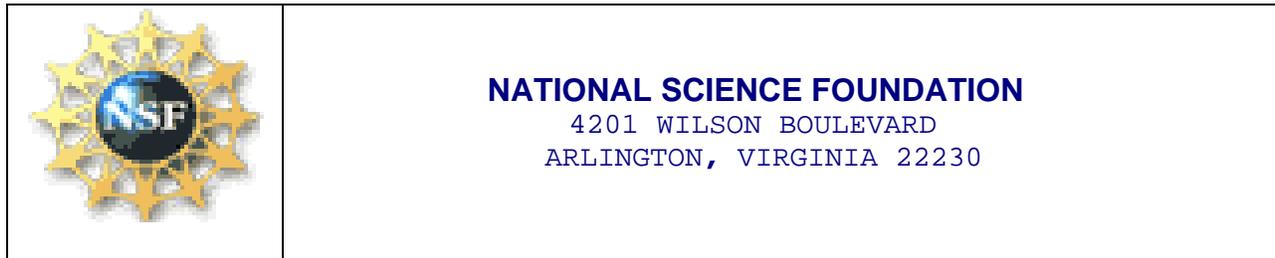
##### MONITORING FOLLOW-UP

If the post site visit letter articulates any issues requiring follow-up with the awardee, then the Grants and Agreement Specialist should monitor the situation to ensure that the awardee responds to the letter within 30 days. The Grants and Agreement Specialist must then provide a copy of the awardee response to the Cost Analyst / Team Lead. The Grant and Agreement Specialist will work with the Cost Analyst to determine whether the response is sufficient in terms of follow-up.

If the awardee does not respond within 30 days, then the Grant and Agreement Specialist should place a call to the awardee requesting a written response within 10 days. If there is still no response, then a delinquency letter should be mailed to the awardee (a sample letter is provided under **Appendix E**).

The Team Leader for Audit Resolution & Follow-up will continue to work with the organization to ensure that issues are resolved. The Team Leader will document the continued follow-up effort on the Follow-up Form, **Appendix 14**

## APPENDIX B: Sample Confirmation Letter



*(Fill in Date Here)*

*(Fill in Name of Individual Here)*

Authorized Organizational Representative

*(Fill in Name of Organization Here)*

*(Fill in Street Address Here)*

*(Fill in City, State and Zip Code Here)*

Dear *(Fill in Name of Individual Here)*:

This is to confirm the arrangements regarding the NSF site visit to *(Fill in Name of Organization Here)*, to be held *(Fill in Date and Time Here)*. A representative from our Division of Grants and Agreements (DGA), *(Fill in Name of Grant and Agreement Specialist Here)*, and Cost Analysis and Audit Resolution (CAAR) representative *(Fill in Name Of Cost Analyst Here)*, will participate in the review. This site visit is part of NSF's award monitoring and oversight of business, management, and administrative activities at our awardee institutions. The purpose of the review is to evaluate the effectiveness and efficiency of the policies and procedures that your organization has in place to manage federal funds, and to provide an opportunity for NSF to offer business assistance.

NSF is increasing its post-award monitoring activities at awardee institutions to ensure that federal funds, particularly those provided by NSF, are appropriately expended and are well managed. Please understand that we are not conducting an audit, but rather we will assess your organization's systems as they relate to the administration of NSF funds. In particular, we will: *(Please note that the targeted areas should be based on the areas identified in the Annual Risk Assessment for this institution. The list will be further refined during the pre-visit discussions with the program office, DGA and CAAR. The bulleted items below should be tailored by the specialist to focus on the targeted areas so that the organization will be prepared when NSF arrives to do the monitoring visit.)*

- 
- 
- 

• Answer any questions you may have for NSF

If you have any questions, give me a call. Feel free to invite any other employees whom you feel may need to join us. Please e-mail me directions to your office. We are looking forward to meeting with you.

Sincerely,

*(Fill in Name Grant and Agreement Specialist Here)*

NSF Grant and Agreement Specialist

Phone: *(Fill in Phone Number of Grant and Agreement Specialist Here)*

Fax: (703) 292-9142

Email: *(Fill in E-mail Address of Grant and Agreement Specialist Here)*

cc: *(Fill in Name of NSF Program Manager Here)*, NSF Program Manager  
*(Fill in Name of Additional DGA Reps Here)*, NSF Grant and Agreement Specialist  
*(Fill in Name of Team Lead / Cost Analyst Here)*, NSF Cost Analyst  
*(Fill in Name of Additional Cost Analysts Here)*, NSF Cost Analyst

**APPENDIX C:** This document is formatted as a **TABLE** instead of a simple report. It is suggested that users “turn on the table gridlines” to complete your report. It makes it easier to line up your comments with the headings. Also, if the paragraphs don’t align, use “Format/ Paragraph/Spacing” to adjust the spacing before and / or the entry. Finally, don’t forget to delete this textbox before saving the report and turn the gridlines off.

### ***SITE VISIT REPORT***

Prepared by: Name of Lead CAAR Analyst

Reviewed by:

Site Visit Date: Date through Date

Awardee Organization: Name  
City, State

Organizational Contacts & Phone Numbers: AOR Name, Organizational Title  
Telephone Number

NSF Participants: Name & Division

Organizational Participants: All other participants other than AOR

Award(s) Reviewed: Please limit to awards identified in the risk assessment model.

Purpose of Visit:  Standard Award Monitoring Visit from DGA Annual Schedule  
 Initiated by the Cost Analysis and Audit Resolution Branch  
 Requested by the NSF Program  
 Other:  
\_\_\_\_\_

Program Manager or Contact: Name, Directorate/ Division

Program Observations: Brief summary of program’s assessment

Pre-visit Observations and Risk Factors: A general statement that articulates pre-visit risk assessment including targeted areas to be reviewed.

***General Observations:*** Overall assessment of the site visit. (optional)

***Core Review Areas:*** For the following areas, the analyst should provide a brief summary of each core review area. It can be a description of the actual practices and the analyst’s assessment of the practice. The summary assessment should either state that “no exceptions were noted” or “exceptions were noted in the following areas”. If any recommendation is made, it should be highlighted with “bolding”. Also, for any area of concern or exception, please be sure to include the appropriate citation.

General Management  
Accounting & Financial System  
FCTR Reconciliation

**Targeted Review Areas:**

For the following areas, the analyst should provide a brief summary of each targeted review area. It can be a description of the actual practices and the analyst's assessment of the practice. The summary assessment should either state that "no exceptions were noted" or "exceptions were noted in the following areas". If any recommendation is made, it should be highlighted with "bolding". Also, for any area of concern or exception, please be sure to include the appropriate citation. Finally, if the area was not targeted for review and not reviewed, it should be deleted from the report.

Time and Effort Reporting  
Fringe Benefits  
Travel  
Consultants  
Cost Sharing  
Participant Support Costs  
Indirect Costs  
Procurement  
Sub-recipient Monitoring  
Property & Equipment

Other Matters to be Reported:

Other grant issues not included in the AMBAP Guide. Not a required entry.

Follow-up:

Not a required entry. However if there are findings that require follow-up, we should include a statement that a letter will be sent to organization about the issue and action to be taken by the organization. It is expected that the organization will reply within 30 days.

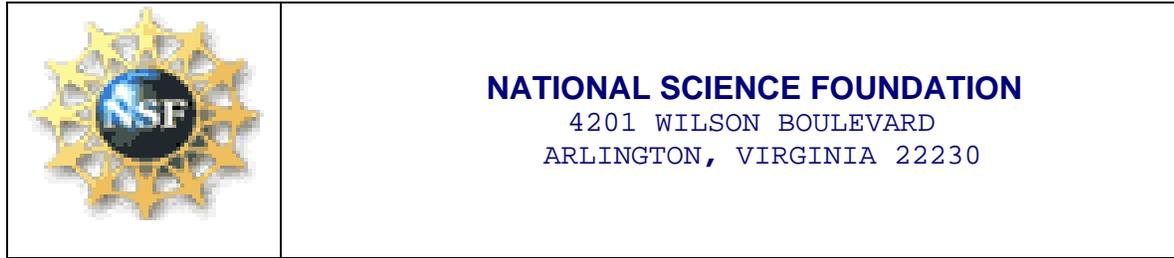
Attachments/Supporting Documentation:

Not a required entry.

Copy to:

- \_\_\_\_\_, Program Manager, Directorate/Division
- \_\_\_\_\_, Branch Chief, BFA/DGA
- \_\_\_\_\_, Cost analyst, BFA/DGA
- \_\_\_\_\_, Grant and Agreement Specialist, BFA/DGA
- Monitoring Chron File, BFA/DIAS/CAAR

**APPENDIX D: Sample Post Site Visit Letter**



*Division of Grants and Agreements (DGA)  
Room 480  
(703) 292-8210  
(703) 292-9143 (Fax)*

*(Fill in Date Here)*

*(Fill in Name of Individual Here, Organizational Title)*  
Authorized Organizational Representative  
*(Fill in Name of Organization Here)*  
*(Fill in Street Address Here)*  
*(Fill in City, State and Zip Code Here)*

Dear *(Fill in Name of Individual Here)*:

This letter follows-up the recent NSF site visit to your organization on *(Fill in Dates Here)*. *(Fill in Name of Team Lead / Cost Analyst Here)* and I appreciate the time and effort that your staff expended during our review of your organization's policies, procedures, and practices used for Federal grant administration. The site visit was productive and useful from NSF's standpoint, and I hope your organization benefited as well.

Although no major exceptions were noted in our review, we discussed the following recommendations with representatives of your organization:

- (1) *(Describe recommendation here)*
- (2) *(Describe recommendation here)*
- (3) *(Describe recommendation here)*
- (4) *(Describe recommendation here)*
- (5) *(Describe recommendation here)*
- (6) *(Describe recommendation here)*

Please respond to me within 30 days from the date of this letter on the status of actions you have taken or plan to take regarding our recommendations.

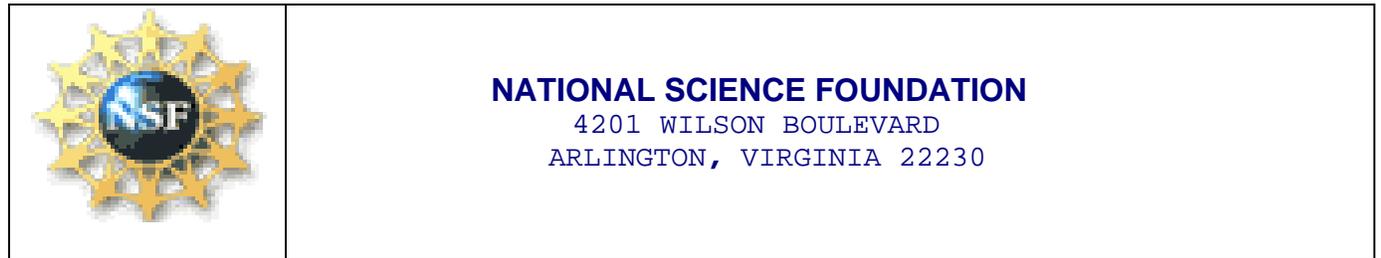
We would like to extend a special thanks to (Fill in Names of Primary Organizational Participants Here) and all the other staff members that we met with over the course of the site visit.

Sincerely,

(Fill in Name of Grant and Agreement Specialist Here)  
Grant and Agreement Specialist

cc: \_\_\_\_\_, Program Manager, NSF/Directorate/Division  
\_\_\_\_\_, Branch Chief, NSF/BFA/DGA  
\_\_\_\_\_, Cost analyst, NSF/BFA/DGA  
\_\_\_\_\_, Cost Analyst, NSF/BFA/DIAS  
Monitoring Chron File, BFA/DIAS/CAAR

## APPENDIX E: Sample Delinquency Letter



Division of Grants and Agreements (DGA)  
Room 480  
(703) 292-8210  
(703) 292-9143 (Fax)

(Fill in Date Here)

(Fill in Name of Individual Here, Organizational Title)

Authorized Organizational Representative

(Fill in Name of Organization Here)

(Fill in Street Address Here)

(Fill in City, State and Zip Code Here)

Dear (Fill in Name of Individual Here):

We sent a letter dated (Fill in Date Here) requesting that you provide a response to me within 30 days. The due date for your response was (Fill in Date Here). When we did not receive your response, I followed up verbally with you on (Fill in Date Here) and requested that you provide a response within 10 days. We still have not received a response.

We now consider your response to be delinquent, and your response is required on the status of actions you have taken or plan to take regarding our recommendations. Please respond to me within 10 days from the date of this letter in order to avoid possible actions that may affect your current awards. If you have questions or need assistance, please feel free to contact me.

Sincerely,

(Fill in Name of Grant and Agreement Specialist Here)

Grant and Agreement Specialist

cc: Program Manager, NSF/Directorate/Division  
Team Lead / Cost Analyst, NSF/BFA/DIAS/CAAR  
Branch Chief, NSF/BFA/DGA  
Cost analyst, NSF/BFA/DIAS  
Monitoring Chron File, BFA/DIAS/CAAR

**APPENDIX 1: Sample DGA/CAAR Consultation**

**Grantee Name**  
**City, State**

**Review of the CAAR Files**

**Audit Resolution Issues:**

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**Cost Analysis/ Indirect Rate:**

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**Cognizant Federal Agency Issues:**

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**APPENDIX 1: Sample DGA/CAAR Consultation**

**Grantee Name**  
**City, State**

**Consultation with DGA**

DGA Branch Chief: \_\_\_\_\_

DGA Team Leader: \_\_\_\_\_

*Areas of Concern*

On-Going Issues: \_\_\_\_\_

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Flags in the system & reasons: \_\_\_\_\_

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Business Assistance Needed: \_\_\_\_\_

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**APPENDIX 2: Sample Program Office Consultation**

**Grantee Name**  
**City, State**

**Consultation with Program Officials**

Program Officer \_\_\_\_\_ Division \_\_\_\_\_

**Award No.** \_\_\_\_\_

How well does the project, as implemented, reflect the goals, objectives, activities and services described in the proposal?

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Is satisfactory programmatic progress being achieved?

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Are there definitive programmatic milestones?

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Have the Annual Reports been submitted? \_\_\_\_\_ Received on Time? \_\_\_\_\_

Other Concerns:

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**APPENDIX 3: Sample Pre-visit Risk Assessment**

**Grantee Name**  
**City, State**

**Pre-site Visit Risk Assessment**

Based on discussion with the program officer(s), DGA and the review of our files, we will cover the following areas during our site visit. These sections are in addition to the areas determined to be mandatory for all reviews of General Management, Accounting System, and FCTR Reconciliation:

<b><u>Targeted Review Area</u></b>	<b><u>Concern(s):</u></b>
<input type="checkbox"/> Time & Effort Reporting	
<input type="checkbox"/> Fringe Benefits	
<input type="checkbox"/> Travel	
<input type="checkbox"/> Consultants	
<input type="checkbox"/> Cost Sharing	
<input type="checkbox"/> Participant Support Costs	
<input type="checkbox"/> Sub-recipient Monitoring	
<input type="checkbox"/> Indirect Costs	
<input type="checkbox"/> Procurement	
<input type="checkbox"/> Property & Equipment	
<input type="checkbox"/> Final Project Reports	
<input type="checkbox"/> Other Areas of Concern	



**APPENDIX 5: Sample Exit Conference**

**Grantee Name**  
**City, State**

**Exit Conference Notes**

**Date:** \_\_\_\_\_

<u>Attendee Name</u>	<u>Title</u>	<u>Telephone No.</u>

**APPENDIX 5: Sample Exit Conference**

**Concerns & Issues**

Review Area	Comments/ Concerns/ Recommendation

**Technical Assistance**

Briefly describe below any technical assistance provided to the grantee during the site visit. This includes, but is not limited to, assisting the grantee in properly completing financial status reports, requesting grant funds, and providing needed information to various offices within NSF.

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**Best Practices**

Record any potential best practices found during the visit.

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THANK THE AWARDEE FOR COOPERATION.

**APPENDIX 6: Sample Award Brief**

**Grantee Name**  
**City, State**

**Grant Brief**

Award No. \_\_\_\_\_

Purpose of Award: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Indirect Rate Clause: \_\_\_\_\_

Key Personnel Clause: \_\_\_\_\_

Program Income: \_\_\_\_\_

Other Special Clauses: \_\_\_\_\_

Period of Performance:

<u>Original Award</u>	<u>Exp. Date</u> <u>(Amend No.</u> <u>_____)</u>	<u>Exp. Date</u> <u>(Amend No.</u> <u>_____)</u>	<u>Grantee</u> <u>No Cost</u> <u>Extension</u>	<u>Exp. Date</u> <u>(Amend</u> <u>No. _____)</u>
_____ to _____				

**APPENDIX 6: Sample Award Brief**

Grantee Name  
City, State

Grant No. XXX-123456

COMPUTATION OF CUMULATIVE AWARD AMOUNT

	Original Award	Amendment Number					Grand Total
		#001	#002	#003	#004	#005	
Salaries & Wages	\$ 41,175	\$ 80,600	\$ -	\$ -	\$ -	\$ 10,956	\$ 132,731
Fringe Benefits	12,044	19,400	-	-	-	3,204	34,648
Subtotal	\$ 53,219	\$ 100,000	\$ -	\$ -	\$ -	\$ 14,160	\$ 167,379
Equipment							
Travel	15,680	-	750	-	-	3,878	20,308
Participant Support Costs	336,000	-	10,500	134,000	-	83,107	563,607
Other Direct Costs	71,440	-	3,660	-	-	30,037	105,137
Indirect Costs	-	-	-	-	-	-	-
		-					
Total Costs	<u>\$ 476,339</u>	<u>\$ 100,000</u>	<u>\$ 14,910</u>	<u>\$ 134,000</u>	<u>\$ -</u>	<u>\$ 131,182</u>	<u>\$ 856,431</u>
Cost-Sharing Requirement	<u>\$ 321,923</u>	<u>\$ 45,000</u>	<u>\$ -</u>	<u>\$ 73,583</u>	<u>\$ -</u>	<u>\$ 85,869</u>	<u>\$ 526,375</u>

admin only

## APPENDIX 7: Sample FCTR Reconciliation

Grantee Name  
City, State

Reconciliation of FCTR to Accounting Books & Records  
Quarter ended 3/31/04

### Grant No. XXX - 9999999

(A)	Net Disbursements per FCTR (SF272A, Column 5)	\$	306,300
	Cost per Project Cost Ledger per dated (Fund No. 2497)		
	Jan-04	\$	66,326
	Feb-04		50,450
	Mar-04		<u>120,673</u>
(B)		\$	237,449
	Difference (A-B)	\$	68,851
	Reconciling Items		
	Unreported disbursements for the quarter ended 12/31/03	\$	<u>68,851</u>
	Un-reconcilable difference	\$	<u>(0)</u>

#### *Comments:*

*Is it systemic?*

*Disposition -- Adjusting Journal Entry (w/p )*

## APPENDIX 8: Sample General Management Survey

<b>Survey of Awardee's Organization and General Management System</b>			
<b>Part A -- Basic Organization</b>			
_____ (Lead Reviewer)		_____ (Date Updated)	
Grantee Name			
Address			
Tel:			
1.	<b>Type of Organization</b>		
<input type="checkbox"/>	College or University		
<input type="checkbox"/>	Non-Profit		
<input type="checkbox"/>	State or Local Government		
<input type="checkbox"/>	Commercial		
2.	<b>Principal Officers</b>		
	(Name)	<i>President or Head</i>	
		<i>Sponsored Research Head (Title)</i>	
		<i>(Chief Financial Officer) &amp; Authorized Organizational Representative</i>	
3.	<b>Incorporated in State of</b>	___	
4.	<b>Date of Incorporation</b>	___	
5.	<b>Type of Operation:</b>		
<input type="checkbox"/>	Educational	<input type="checkbox"/>	Research
<input type="checkbox"/>	Services	<input type="checkbox"/>	Other _____
	Description of Principal Services or Products Manufactured _____		
6.	<b>Number of Employees:</b>	Direct _____	Indirect _____
7.	<b>Annual Revenue Volume</b>	\$: _____	FYE: _____
	Breakdown of Revenue -- % or \$		
	<u>Private or Commercial</u>	Federal Government	<u>Total</u>
	_____	_____	100% or \$
8.	<b>Plant and Facilities:</b> <input type="checkbox"/> Owned <input type="checkbox"/> Leased <input type="checkbox"/> Other explain		
	If leased, any relationship between the lessee and lessor? Yes ( ) No ( )		File Ref _____
9.	Cognizant Oversight Agency		Cognizant Audit Agency
	Name of Outside Auditors		

## APPENDIX 8: Sample General Management Survey

	<u>YES</u>	NO	N/A	COMMENT
<b>B. General Information</b>				
Does the organization have a Board of Directors with specific functions and responsibilities (By-laws)? Obtain list of officers.				
Are minutes of the Board of Directors' meetings maintained? (Review minutes for items related to financial management systems issues).				
Is there an organizational chart or similar document establishing clear lines of responsibility and authority? (Obtain a copy).				
Are duties for key employees of the organization defined? (Obtain a list of key employees).				
<b>C. Budgetary Controls</b>				
Does the organization use an operating budget to control project funds?				
Are persons in the organization who approve budget amendments authorized to do so by the proper officials?				
Are there budgetary controls in effect to preclude incurring obligations in excess of total funds available for an award?				
Are there internal controls that preclude a principal investigator from re-budgeting cost without prior approval?				
Are re-budgeting approvals in writing?				
Are re-budgeting requests ever denied?				
Are the budgets revised accordingly?				
Are the approval actions in compliance with NSF policy, especially regarding participant support?				
<b>D. Grant Fund Expenditure Approval System</b>				
Does the organization have an expenditure approval process established?				
Are these procedures describing the process in writing?				
Are approval actions in compliance with NSF policy?				
Who is authorized to request NSF funds?				
To whom does this person(s) report?				

**Additional Notes:**

**APPENDIX 9: Sample Accounting System Survey**

**Grantee Name**  
**City, State**

**Accounting System Survey**

Accounting Period, FYE: \_\_\_\_\_

NSF participation: \_\_\_\_\_

[Government Revenue ÷ Total Revenue] = % of participation

Cognizant Federal Agency \_\_\_\_\_

Cognizant Government Audit Agency \_\_\_\_\_

Name of Outside Auditors \_\_\_\_\_

Accounting Software: \_\_\_\_\_

**Inventory of Books of Account**

Generic Name	Institutional Report Name	Institutional Report No.
General Ledger		
<i>Project Cost Ledger</i>		
<i>Payroll</i>		
<i>T&amp;E Reporting</i>		
<i>Other Ledgers &amp; Journals:</i>		

**Accounting Manuals**

Does the organization have written policies & procedures? \_\_\_\_\_

Last Update \_\_\_\_\_

(Attach a copy of the Table of Contents or Listing of Manuals)

Is there a Chart of Accounts?

Last Update \_\_\_\_\_ Description of Accounts \_\_\_\_\_

Are there written procedures for the determining reasonableness, allocability and allowability?

Are there written procedures for the filing and maintenance of supporting documentation of transaction into the accounting system?

Does the Project Cost Ledger identify source & application of Federal Funds?

**APPENDIX 9: Sample Accounting System Survey**

Please explain the treatment of Unallowable costs:

Direct or Project Costs: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Indirect Costs: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Concerns Noted:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**APPENDIX 10: Sample Cost Sharing Reconciliation**

Grantee Name  
City, State

**Cost Sharing Reconciliation**

<u>Award No.</u>			
<u>Awardee Cost Sharing Report No.</u>			
Annual Report Filed			
Required Cost Sharing Amount			
Cost Sharing Provided-to-Date ( per the Annual Report)			
Outstanding Cost sharing Amount			
Questioned Cost Sharing			

*General Nature of Cost Sharing  
Provided:*

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*Description of Cost sharing  
Documentation:*

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## APPENDIX 11: Sample Expenditure Testing & Verification

Grantee Name  
City, State

### Expenditure Testing

<u>Award No.</u>	<u>Category Tested</u>	<u>Transaction Type &amp; Identification No.</u>	<u>Account No.</u>	<u>Item Description</u>	<u>Trans. Amount</u>	<u>Questioned Cost Due To:</u>
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**APPENDIX 12: Sample Participant Support Analysis**

Grantee Name  
City, State

**Participant Support Cost Analysis**

<u>Award No.</u>			
Budgeted Participant Support Cost			
Actual Participant Support Cost Provided-to-Date			
Unexpended Participant Support Cost			
Questioned Participant Support Cost			

*General Nature of Participant Support Cost Provided:*

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*Description of Participant Support Cost Documentation and Accounting Treatment:*

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**APPENDIX 13: Sample Workpaper Index**

**SITE VISIT & MONITORING INDEX**

Grantee: \_\_\_\_\_

Address: \_\_\_\_\_

Representative's Name and Title: \_\_\_\_\_, *Executive Director*

Phone Number: 999-999-9999      FAX Number: 999-999-9999

ASSIGNMENT DESCRIPTION: Monitoring Site Visit      ASSIGNMENT NO: A-XX

Cost Analyst:

W/P REF.	DESCRIPTION
	<b>Tab I Site Visit Summary</b>
<i>A</i>	<b>Site Visit Report</b>
<i>B</i>	<i>Post Site Visit Letter</i>
<i>C</i>	<b>Disposition of Findings</b>
	Tab II Correspondence
<i>D</i>	<i>Exit Conference</i>
<i>E</i>	<i>Entrance Conference</i>
<i>F</i>	<i>Site Visit Notification Letter</i>
<i>G</i>	<b>Misc. Correspondence</b>
	<b>Tab III NSF Data</b>
<i>H</i>	<i>FCTR dated _____ w/ Reconciliation</i>
<i>J</i>	<i>Award Brief / Grant Letter &amp; Mods / Cooperative Agreement</i>
	<b>Tab IV Grantee Data</b>
<i>K</i>	<i>Project Cost Ledger &amp; other financial data</i>
<i>L</i>	<i>Annual Cost Share Report for Program Year _____</i>
	<b>Tab V Risk Assessment</b>
<i>M</i>	<i>Pre- Visit Risk Assessment</i>
<i>N</i>	<i>Program Office Consultation</i>
<i>O</i>	<i>DGA / CAAR Consultation</i>
	<b>Tab VI Core &amp; Targeted Reviews</b>
<i>P</i>	<i>General Management</i>
<i>Q</i>	<b>Accounting &amp; Financial System Review</b>
<i>R</i>	<i>Targeted Modules</i>
<i>-1</i>	
<i>-2</i>	
<i>-3</i>	

**APPENDIX 14: Sample Follow-up Form**

**CAAR Follow-up Analysis**

**Organization Name**  
**City, State**

**Site Visit No.** \_\_\_\_\_

Issues & Concerns	Organization's Response	CAAR Determination	
		Adequate	Inadequate
<b>*Reference</b>	<b>*References</b>		
Time & Effort Reporting Policies & Procedures, Tab B Letter dated September 27, 2004		X	
Subrecipient Monitoring Polices & Procedures, Tab B Letter dated September 27, 2004		X	
Cost Sharing Policies & Procedures, Tab B Letter dated September 27, 2004	Organization did not provide policies and procedures as requested in DGA letter dated 6/16/04. A 2nd request was sent by this office on 1/1/05. The Award system was flag, until an adequate response is received.		X

**\*References located in CAAR Site Visit Files**

\_\_\_\_\_  
 Tamara Bowman, Cost Analyst

\_\_\_\_\_  
 Alex Wynnyk, Team Leader

\_\_\_\_\_  
 Date

CC: Rosalind Jackson-Lewis, DIAS Team Leader Monitoring & Business Assistance  
 \_\_\_\_\_, DGA Grant Specialist  
 \_\_\_\_\_, DGA Branch Chief  
 \_\_\_\_\_, directorate, Program Officer