



**NSF'S RESPONSE TO THE  
OFFICE OF INSPECTOR GENERAL'S  
SEMIANNUAL REPORT TO CONGRESS**

*Spring 2021*





NSF Management appreciates the opportunity to respond to the Office of Inspector General's Semiannual Report for the period from October 1, 2020 through March 31, 2021. During this reporting period, the Nation reached two significant milestones: the somber one-year anniversary of the onset of the coronavirus pandemic and the hopeful administration of the first coronavirus vaccines. Meanwhile, NSF has pressed ahead, mindful of the hardships the pandemic has caused for NSF-supported students, investigators, and institutions as well as NSF personnel, while remaining optimistic that steadfast execution of our work continues to promote the progress of science and advance the national health, prosperity, and welfare.

The cover of this Management Response, seagrasses restored to Virginia bays, shows an example of NSF-funded research promoting resiliency following a devastating, once in a century event. Beginning in the 1920s, two natural events, a pathogen followed by a hurricane, finished off seagrasses in Virginia's seaside bays. Today, the seagrasses are flourishing again because of a restoration project conducted by NSF-funded ecologists who spread eelgrass seeds in previously barren lagoons. The project spurred propagation of underwater meadows, improved water quality, and increased the population of fish and shellfish. The seagrasses also mitigate climate change by capturing carbon in their root systems.

NSF recognizes that using resources wisely to advance our mission and support recovery from the effects of the pandemic requires sound financial stewardship, accountability, and transparency. We appreciate the role of the Office of Inspector General in helping us succeed, and we value both the independence of the OIG and our collaborative relationship. We attribute the success of this relationship to our shared goals – effective and efficient management of taxpayer dollars, guided by the highest principles of ethics and integrity, both within the Agency and by NSF-funded researchers and institutions. For this reason, NSF carefully considers and responds to recommendations arising from audits, investigations, and other activities of the OIG.

Four areas highlighted in the OIG's Semiannual Report illustrate our productive interactions. First, we are pleased that the OIG's Financial Statement Audit for FY 2020 provided NSF its twenty-third consecutive unmodified audit opinion for its FY 2020 and 2019 comparative financial statements, without material weaknesses, significant deficiencies, or instances of non-compliance with applicable laws and regulations. The timely completion of the audit is especially commendable in view of the challenges imposed by the pandemic and remote work. We are committed to continuous improvement of NSF's financial management and will continue to work with auditors to maintain the accuracy in our systems, business processes, and financial reporting, including focusing on the auditor's observations and suggestions. We will also continue to maintain our open and frequent communication with the OIG.

Second, we appreciate that the OIG's Federal Information Security Modernization Act (FISMA) Audit of FY 2020 found NSF's Information Security Program to be effective. The audit found that NSF complied with the five National Institute of Standards and Technology (NIST) domains, as specified by the Department of Homeland Security's reporting metrics. To achieve this result, NSF developed and executed a comprehensive corrective action plan to address the findings from the prior year's audit, maintaining our commitment to these improvements even as the pandemic began impacting our work. The auditors recognized that we had

fully or partially addressed the seven prior-year findings, but nonetheless, we intend to continue focusing on improvements and responsive actions as we address this year's findings. In this way, we will sustain and improve the effectiveness of our Information Security Program year to year.

Third, we recognize that the OIG's Risk Assessment of NSF's Grant Closeout Process, as required under the Grants Oversight and New Efficiency Act (GONE Act), identified opportunities to improve our award closeout process. The results of the review reflected the NSF's and the OIG's shared goal of improving award administration. While finding that NSF timely completed each phase of award closeout for most of the awards in the assessment, the OIG identified risk areas in which NSF could improve its controls. The results of the OIG's review align with our commitment to continuous improvements, with the common goal of mitigating issues before they become more serious. Thus, NSF had already begun making improvements prior to receiving the formal report. By improving the closeout process, we will help ensure prompt accounting for taxpayer funds and the return of any unused funds.

Fourth, we recognize that the OIG's broad investigations, ranging from program integrity to research misconduct to administrative matters, help promote a culture of integrity, safeguard taxpayer investments, and ensure everyone is playing by the same set of rules. Our responses to the OIG recommendations, as described in the Semiannual Report, reflect the regard we have for the work of the OIG. We consider the OIG's investigation findings in developing guidance, training, and disclosure requirements that help prevent wrongdoing. NSF does not direct these investigations, and, in many instances, we are unaware that they are proceeding, a core principle of the OIG's investigation process. As the OIG provides information related to wrongdoing or makes recommendations, we take appropriate action.

As required by the Inspector General Act, NSF appends to this response the Management Report on Final Actions Taken on Audits (also known as the Final Action Tables). The Final Action Tables report data from OIG as well as Single Audit (formerly OMB Circular A-133 audit) reports. The data include disallowed costs, by audit and in aggregate, and NSF's disposition of recommendations for the better use of funds over the Semiannual Reporting period.

We reiterate that, in these challenging times, NSF remains focused on our mission to advance research and education and to develop the Nation's economy. Achieving these important goals requires confidence in our financial and information security systems and in the ethics and integrity of NSF personnel and NSF-funded researchers and institutions, aspects that the work of the OIG supports. We look forward to continued cooperation and collaboration with our independent OIG.



F. Fleming Crim, Ph.D.  
Chief Operating Officer

### Management Report on Final Actions Taken on Audits with Disallowed Costs for the Six-Month Period Ended March 31, 2021

		Number of Reports	Dollar Value
A.	Audit reports with management decisions on which final action has not been taken at the beginning of the period	3	\$167,863
B.	Audit Reports on which management decisions were made during the period	2	\$ 70,760
C.	Total audit reports pending final action during this period (Total A+B)	5	\$238,623
D.	Audit reports on which final action was taken during this period		
	(1) Recoveries		
	a) Collection and Offset	3	\$167,863
	b) Amount uncollectible	0	
	(2) Write-offs	0	
E.	Audit reports needing final action at the end of the reporting period (C-D)	2	\$ 70,760
F.	Total (D+E)	5	\$238,623

### Management Report on Final Action Taken on Audits with Recommendations for Better Use of Funds Agreed to by Management For the Six-Month Period Ended March 31, 2021

		Number of Reports	Dollar Value
A.	Audit Reports with management decisions on which final action had not been taken at the beginning of the period	0	\$0
B.	Audit Reports on which management decisions were made during the period	0	\$0
C.	Audit reports on which final action was taken during this period (Total A+B)	0	\$0
D.	Recommendations on which final action was taken during this period	0	
	(1) the dollar value of recommendations that were actually completed		\$0
	(2) the dollar value of recommendations that management subsequently concluded should not or could not be implemented or completed		\$0
E.	Audit reports for which no final action has been taken by the end of the reporting period (C-D)	0	\$0

## Management Report on Final Actions Taken on Audits with Disallowed Costs for the Six-Month Period Ended March 31, 2021

				Sustained Costs
<b>A. Audit Reports with management decisions on which final action has not been taken at the beginning of the period:</b>				
1	19-1-014	University of Cincinnati Main Campus		<b>\$3,018</b>
2	20-1-002	University of Connecticut		<b>\$73,797</b>
3	20-1-003	Johns Hopkins University		<b>\$91,048</b>
Subtotal A				<b>\$167,863</b>
3				
<b>B. Audit Reports on which management decisions were made during the period:</b>				
1	19-5-057	American Society For Engineering Education		<b>\$49,984</b>
2	20-6-002	University of Wyoming		<b>\$20,776</b>
Subtotal B				<b>\$70,760</b>
2				
<b>C. Total Audit Reports pending final action during this period:</b>				<b>\$238,623</b>
				(Total A+B: 5)
<b>D. Audit Reports on which final action was taken during this period:</b>				
1	19-1-014	University of Cincinnati Main Campus		<b>\$3,018</b>
2	20-1-002	University of Connecticut		<b>\$73,797</b>
3	20-1-003	Johns Hopkins University		<b>\$91,048</b>
Subtotal D				<b>\$167,863</b>
3				
<b>E. Audit Reports needing final action at the end of the period:</b>				
1	19-5-057	American Society For Engineering Education		<b>\$49,984</b>
2	20-6-002	University of Wyoming		<b>\$20,776</b>
Subtotal E				<b>\$70,760</b>
2				
<b>F. Reconciliation of Audit Reports:</b>				<b>\$238,623</b>
				(Total D+E: 5)