

## CFO Update for the B&O Advisory Committee Meeting (Spring 2016)

### ➤ BFA Senior Staff Changes

- Karen Tiplady, our Division Director of the Division of Grants and Agreements (DGA), has recently announced her retirement and we will be recruiting for a new Division Director for DGA through a nationwide vacancy announcement that closed on April 27th.
- For DIAS, NSF selected Erika Rissi as Deputy Division Director. For eight years, as Staff Associate in DIAS, Erika served as business lead on key information technology modernization projects that directly served the needs of the research community, and provided management advice to DIAS and BFA leadership on administrative issues and business process re-engineering.
- For DFM, Mr. Michael Wetklow started in January 2016 as the Division Director, as well as my Deputy CFO. He was previously the Chief of the Accountability, Performance and Reporting Branch at OMB. John Lynskey remains our Deputy Division Director of DFM.
- In this time of continued transition for BFA (and there are several other pending staff changes) we are doing our best to communicate well and to take care to explain the rationale behind decisions that affect our team.

### ➤ NSF Financial Statement

In FY 2016 there has been a significant delay in the financial statement audit start date (now targeted for July 2016). In contrast, in FY 2015, the OIG had an audit entrance conference in March 2015. At this stage, there is a high risk that NSF will not have enough time to complete the required work by the established OMB due date of November 15, 2016. This could result in NSF losing its unmodified audit opinion in FY 2016.

### ➤ iTRAK Completes First Full Year of Operations

- iTRAK is in its second year of operations and NSF continues to normalize the system (making adjustments in functionality, monitoring and improving system performance, and refining business processes) and has identified several key goals and challenges for FY 2016 with updates since I made my presentation before the B&O last fall.

Goals	Challenges
a. <b>Reduce Helpdesk tickets resulting in reduced contractor costs to support iTRAK</b>	Develop users' iTRAK knowledge, skills, and ability to reduce reliance on the Helpdesk
b. <b>Conduct targeted training in areas where users are having problems processing their work in iTRAK to increase user proficiency</b>	Identify solutions for users who continue to struggle using iTRAK after attending multiple training sessions and receiving hands on support
c. <b>Develop a reporting maturity model that moves the focus from operational reporting to decision support</b>	Limited funding in FY 16 for this activity
d. <b>Comply with Government wide mandates, i.e. the Digital Accountability and Transparency Act (DATA Act)</b>	Although the FY 2016 Budget Request was not fully funded, the Office of Director is ensuring that \$1.45M is available for this effort.

**Status Update:**

- Goal A. Helpdesk tickets continue to decrease and have been at below the target level (average 250 per month) since November 2015.
- Goal B. NSF continues to train users and conduct targeted training in areas such as interagency agreement, purchase cards and financial reporting. NSF released its first comprehensive Training User Guide April 1, 2016 and we also held our first iTRAK User Group meeting in February 2016. This group meets every two months to discuss business process issues and other concerns users have processing their work in the iTRAK environment.
- Goal C. continues to be a challenge with limited funding for this activity.
- Goal D. Also continues to be a challenge as the approach to meeting the requirements of the Data Act is still being discussed and debated across Government.

➤ **Digital Accountability and Transparency Act (DATA Act)**

- BFA and OIRM staff are continuing activities to support NSF's implementation of the DATA Act. The DATA Act was enacted to make information on federal spending more easily accessible and transparent. Implementation of the DATA Act is a major government-wide initiative led by the U.S. Department of Treasury and OMB. OMB and Treasury have been delayed on finalizing government-wide policy and technical requirements for the DATA Act presenting the agency with implementation challenges and risks.
- The Foundation is also assessing the impact that the NSF relocation will have this initiative as with others that implicate agency information technology assets, business rules and internal policies and practices.
- NSF expects an audit readiness review from the agency Inspector General on its DATA Act implementation to begin over the next couple of months, and will conclude by November 2016.

➤ **Grants Oversight and New Efficiency Act (GONE Act)**

- BFA is supporting NSF implementation of GONE Act legislation intended to improve accountability, oversight, and timely close-out of federal grants (including cooperative agreements). Impetus of the legislation is financial balances remaining on expired federal grants.
- By year end, NSF and other agencies (via HHS) are to report to Congress on expired awards not closed within two years; undisbursed funds; challenges to timely close-out; and disposition of the 30 oldest grants. One year later, agencies are to report to Congress on close-out status of these grants.
- Based on preliminary analysis, NSF expects to report on 300-500 awards not closed due primarily to administrative reasons (e.g., overdue technical/cost-share reports, equipment disposition, and maximum provisional indirect cost rates). These awards total about \$6 million in unliquidated funds and are primarily from older fellowship awards. The unliquidated amount is about .25% of the obligated balance for the awards that are not closed, but have been expired over 120 days. We plan to financially close these awards in the near future, which will eliminate the majority of the unliquidated balances.
- Under the Act, the NSF IG assesses Agency risk to determine the need for an audit/review of the grant close-out process.
- Based on information reported by agencies, OMB is to recommend legislation to improve accountability, oversight, and timely close-out of federal grants.

➤ **Enterprise Risk Management (ERM)**

- We are in process of reviewing BFA's risk register with the goals of resource allocation, communication and prioritization of workload. We are also developing an ERM implementation plan that can help NSF use ERM for its strategic decisions.
- Additionally, the government-wide interest in ERM continues to grow as agencies gain a better understanding about the benefits of ERM and the upcoming OMB guidance for identifying risks across their entire portfolio and embedding ERM into the agencies strategic decisions. We expect that OMB will issue its guidance in the near future.
- As NSF considers its next steps in this area, BFA may be a resource in that we have been working on our office-specific risk management activities that may serve as a comparative model for the agency.

**NSF Budget Update: FY 2016 and FY 2017**  
**Talking Points for the Division Director, BFA Budget Division**  
**B&O Advisory Committee Meeting (Spring 2016)**

I. FY 2016 Appropriations.

- The FY 2016 appropriations bill was enacted in December 2015, providing \$7.46 billion to NSF. This is \$119 million, or 2 percent, above the FY 2015 Enacted level of \$7.34 billion, and \$260 million, or 3 percent, below the FY 2016 Request of \$7.72 billion.

**2016 Funding Comparison**

(dollars in millions)

		Change over		Change over	
		FY 2015 Enacted		FY 2016 Request	
		Amount	Percent	Amount	Percent
FY 2015 Enacted	\$7,344	-	-		
FY 2016 Request	\$7,724	\$380	5%	-	-
FY 2016 Enacted	\$7,463	\$119	2%	-\$260	-3%

- Directorate-specific allocations present in the House report were removed. SBE, however, was held flat at the FY 2015 enacted level.
- A major issue has been funding for the upcoming relocation, provided through the Agency Operations and Award Management (AOAM) account.
  - Appropriations for AOAM were less than the Request (\$330 million vs. \$355 million).
  - This is requiring the agency to utilize its authority to transfer funds between accounts to ensure adequate funding for the relocation.

II. FY 2017 Request and Congressional Action to Date

**2017 Budget Request**

(dollars in millions)

		Change over	
		FY 2016 Enacted	
		Amount	Percent
FY 2016 Enacted	\$7,463	-	-
FY 2017 Request	\$7,964	\$501	7%
FY 2017 Senate Markup	\$7,510	\$46	1%

- NSF's FY 2017 Budget Request is \$7.96 billion, an increase of \$501 million, or 7 percent, over the FY 2016 Enacted level. This includes \$7.56 billion in discretionary budget authority and \$400 million in new mandatory

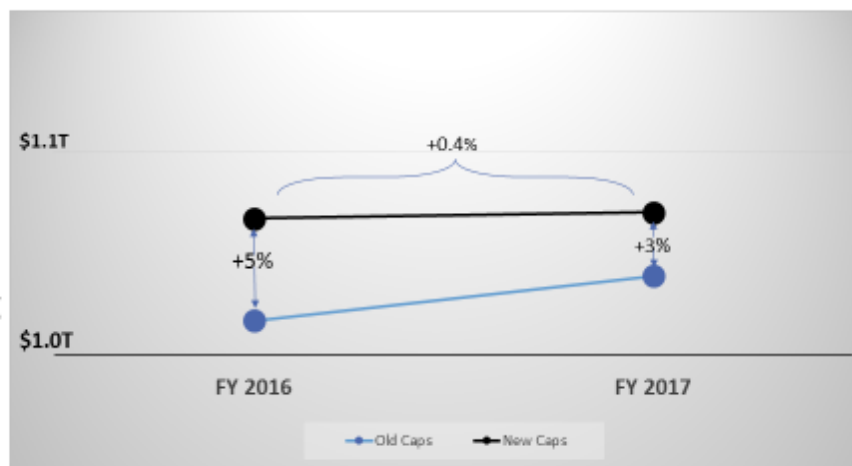
budget authority. The Request reflects a carefully chosen portfolio that supports the fundamental research that is NSF’s hallmark and includes two areas of major emphasis: Clean Energy R&D and strengthening support for core activities, with a special focus on support for early career investigators.

- The House held two hearings on NSF’s FY 2017 Budget Request:
  - March 16<sup>th</sup> with the Appropriations Committee's Commerce, Justice, Science, and Related Agencies Subcommittee (CJS)
  - March 22<sup>nd</sup> with the Committee on Science, Space and Technology's Subcommittee on Research and Technology.
  - There’s overall support for NSF programs from both subcommittees. Congress, however, is not considering the Administration’s proposal for new mandatory funding.
- No hearings have been scheduled in the Senate.
- There is some forward movement on the FY 2017 appropriations bills. The Senate has begun to draft the individual appropriation bills for FY 2017, and it is working with overall funding levels that are in line with last year’s budget agreement that raised the discretionary budget caps. The House appropriations process, however, is moving more slowly. There has been a push from some members who are interested in returning to the lower caps that were in place before the agreement.

## Discretionary Caps

Senate working with new caps (in FY2017, 0.4% over FY 2016)

House considering returning to old caps (in FY 2017, 3% lower than new caps)



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- The Senate CJS appropriation was marked-up on April 21. For NSF, funding for each account is equal to the FY 2016 enacted level, with the exception of the Major Research Equipment & Facilities Construction account which increases by \$46 million. These additional funds would support initial construction of a third regional class research vessel.

- This leaves significant uncertainty regarding the completion of FY 2017 appropriations before the fiscal year begins on October 1.
  - The leadership in the House and Senate have stated it is a priority to complete action on all 12 appropriations before the start of the fiscal year.
  - But, the uncertainty on the overall funding levels and the short Congressional schedule (because of the election) makes a Continuing Resolution running through the election or the inauguration a definite possibility.