

Audit of the National Science Foundation's Fiscal Years 2021 and 2020 Financial Statements

REPORT PREPARED BY KEARNEY AND COMPANY, P.C.

NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL

November 12, 2021
OIG 22-2-002



AT A GLANCE

Audit of the National Science Foundation's Years 2021 and 2020
Financial Statements
Report No. OIG 22-2-002
November 12, 2021

AUDIT OBJECTIVE

The *Chief Financial Officers Act of 1990*, as amended, requires that NSF's Inspector General or an independent external auditor, as determined by the Inspector General, audit NSF's financial statements. Under a contract we monitored, Kearney & Company, P.C. (Kearney), an independent public accounting firm, performed the audit of NSF's FY 2021 comparative financial statements. Kearney is responsible for the attached auditor's reports dated November 12, 2021, and the conclusions expressed therein. We do not express an opinion on NSF's financial statements or on the conclusions expressed in Kearney's reports on internal controls over financial reporting and on compliance with laws, regulations, contracts, and grant agreements.

AUDIT RESULTS

Kearney's *Independent Auditor's Report* includes an unmodified opinion on NSF's financial statements as of and for the years ended September 30, 2021 and 2020. Per its *Report on Internal Control over Financial Reporting*, Kearney identified no material weaknesses. Per its *Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements*, Kearney identified no reportable instances of noncompliance or other matters. Also, Kearney identified no instances in which NSF's financial management systems did not substantially comply with the *Federal Financial Management Improvement Act of 1996*.

See <https://www.nsf.gov/pubs/2022/nsf22002/pdf/07-chap2-financials.pdf> for Chapter 2, *Financials*, of NSF's 2021 Agency Financial Report (AFR), which includes the audit reports. The complete AFR can be found at: https://www.nsf.gov/publications/pub_summ.jsp?ods_key=nsf22002.

RECOMMENDATIONS

Kearney made no recommendations in its reports.

AUDITEE RESPONSE

NSF's response to Kearney's draft reports is included in the AFR as Chapter 2, Attachment I.

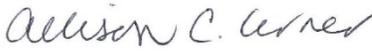
FOR FURTHER INFORMATION, CONTACT US AT OIGPUBLICAFFAIRS@NSF.GOV.

MEMORANDUM

DATE: November 12, 2021

TO: Dr. Ellen Ochoa
Chair
National Science Board

Dr. Sethuraman Panchanathan
Director
National Science Foundation

FROM: Allison C. Lerner 
Inspector General
National Science Foundation

SUBJECT: Audit Report No. 22-2-002, Audit of the National Science Foundation's Fiscal Years 2021 and 2020 Financial Statements including Audit Reports on Financial Statements; Internal Control over Financial Reporting; and Compliance with Laws, Regulations, Contracts, and Grant Agreements

This memorandum transmits the Kearney & Company, P.C.'s reports on its financial statement audit of the National Science Foundation (NSF) for FY 2021, which includes FY 2020 comparative information.

The *Chief Financial Officers Act of 1990* (CFO Act, Pub. L. No. 101-576), as amended, requires that NSF's Inspector General or an independent external auditor, as determined by the Inspector General, audit NSF's financial statements in accordance with *Government Auditing Standards* (GAS) issued by the Comptroller General of the United States. We contracted with the independent certified public accounting firm Kearney & Company, P.C. (Kearney) to audit NSF's financial statements as of September 30, 2020, and for the fiscal year then ended. The contract requires that the audit be performed in accordance with GAS; Office of Management and Budget Bulletin 21-04, *Audit Requirements for Federal Financial Statements*; and the U.S. Government Accountability Office/Council of the Inspectors General on Integrity and Efficiency *Financial Audit Manual*.

For FY 2021, Kearney provided: (1) its opinion on the financial statements, (2) a report on internal control over financial reporting, and (3) a report on compliance with laws, regulations, contracts, and grant agreements. In its audit of NSF, Kearney:

- Found that the financial statements referred to above present fairly, in all material respects, the financial position of NSF as of September 30, 2021 and 2020, and its net cost of operations,



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changes in net position, and budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

- Identified no material weaknesses in internal control over financial reporting.¹
- Identified no instances in which NSF's financial management systems did not substantially comply with the *Federal Financial Management Improvement Act of 1996* (FFMIA, Pub. L. No. 104-208).
- Identified no reportable instances of noncompliance with provisions of laws, regulations, contracts, and grant agreements tested or other matters.

NSF's response to the draft reports, dated November 12, 2021, follows Kearney's reports.

Kearney is responsible for the attached auditor's reports dated November 12, 2021, and the conclusions expressed therein. We do not express opinions on NSF's financial statements or internal control over financial reporting or on whether NSF's financial management systems substantially complied with the requirements of FFMIA, or conclusions on compliance and other matters.

Kearney's Independent Auditor's Report is meant only to be distributed and read as part of the Agency Financial Report (AFR). Also, Kearney's Independent Auditor's Report is not a stand-alone document because it refers to the AFR contents and should not be circulated to anyone other than those receiving this transmittal.

We thank your staff for the assistance that was extended to the auditors during this audit. If you have any questions regarding this report, please contact Mark Bell, Assistant Inspector General for Audits, Office of Audits, at 703.292.7100 or OIGpublicaffairs@nsf.gov.

¹ A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.



About NSF OIG

We promote effectiveness, efficiency, and economy in administering the Foundation's programs and operations; detect and prevent fraud, waste, and abuse within NSF or by individuals who receive NSF funding; and identify and help to resolve cases of research misconduct. NSF OIG was established in 1989, in compliance with the *Inspector General Act of 1978*, as amended. Because the Inspector General reports directly to the National Science Board and Congress, the Office is organizationally independent from the Foundation.

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