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The National Science Foundation is an independent Federal agency created “[t]o promote the progress of science; to advance the national health, prosperity, and welfare; and to secure the national defense” (Pub. L. No. 81-507). NSF funds research and education in science and engineering by awarding grants and cooperative agreements to educational and research institutions in all parts of the United States.

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At a Glance

GONE ACT Risk Assessment: NSF’s Grant Closeout Process
Report No. OIG 21-6-002

The *Grants Oversight and New Efficiency Act* (GONE Act) was enacted on January 28, 2016, to improve accountability and oversight in awards management. The GONE Act required the Inspector General of each agency with more than $500 million in annual award funding to conduct a risk assessment to determine whether an audit or review of the agency’s award closeout process was warranted.

We analyzed the timeliness of each of NSF’s three phases of award closeout and reviewed the management and system controls over the award closeout process. We found that for most awards in our assessment, NSF completed each phase of award closeout timely. However, we identified several risk areas in NSF’s award closeout process for which the agency could strengthen its management and system controls. Specifically, NSF did not always follow its award closeout policy, which resulted in delays in the financial and administrative closeout phases. Even though NSF took steps to reduce delays in awardee submission of technical deliverables, such as final reports, this area continues to be a challenge that prolongs final closeout. Our assessment describes other risks that may be contributing to delays in award closeout, including inconsistent processes and weaknesses in NSF’s Report Tracking System and communications process.

NSF has already started making improvements to its award closeout process. Based on the results of our assessment and NSF’s responsiveness to the issues we identified, we determined an audit of NSF’s award closeout process was not warranted at this time.

Although we determined that an audit was not necessary at this time, we included several suggestions intended to strengthen NSF’s management and system controls to reduce risks in the award closeout process. We will continue to monitor this area and may conduct future risk assessments or audits as appropriate.
Attached is the final report of our risk assessment of NSF’s grant closeout process, which we are issuing as a routine activity. We provided a draft of this assessment to NSF on February 8, 2021.

As required by the Grants Oversight and New Efficiency Act (GONE Act, Pub. L. No. 114-117), enacted on January 28, 2016, we conducted this risk assessment to determine whether an audit or review of NSF’s award closeout process is warranted. Although we determined that an audit was not necessary at this time, we have made several suggestions intended to strengthen NSF’s management and system controls to reduce risks in the award closeout process.

We appreciate the courtesies and assistance NSF staff provided during this assessment. If you have any questions, please contact Mark Bell, Assistant Inspector General for Audits, at 703.292.7100 or oigpublicaffairs@nsf.gov.
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# ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACM$</td>
<td>Award Cash Management Service</td>
</tr>
<tr>
<td>GAO</td>
<td>U.S. Government Accountability Office</td>
</tr>
<tr>
<td>GONE Act</td>
<td>Grants Oversight and New Efficiency Act</td>
</tr>
<tr>
<td>OMB</td>
<td>Office of Management and Budget</td>
</tr>
<tr>
<td>PAM</td>
<td>Proposal and Award Manual</td>
</tr>
<tr>
<td>PAPPG</td>
<td>Proposal and Award Policies and Procedures Guide</td>
</tr>
<tr>
<td>PI</td>
<td>Principal Investigator</td>
</tr>
<tr>
<td>SBIR</td>
<td>Small Business Innovation Research</td>
</tr>
<tr>
<td>STTR</td>
<td>Small Business Technology Transfer</td>
</tr>
</tbody>
</table>
INTRODUCTION

The *Grants Oversight and New Efficiency Act* (GONE Act, Pub. L. No. 114-117), enacted on January 28, 2016, required Federal agencies to report to Congress Federal grant and cooperative agreement awards with periods of performance that had been expired for more than 2 years and had not been closed. The Act also required agencies to identify challenges leading to delays in closeout and to provide an update after 1 year to specify which awards listed in the prior year’s report had not yet been closed.

The Act required the Inspector General of each agency with more than $500 million in annual award funding to conduct a risk assessment by March 31, 2020, to determine whether an audit or review of the agency’s award closeout process is warranted.\(^1\) In FY 2016, NSF obligations for research and education programs totaled more than $7 billion. Accordingly, we conducted a risk assessment of NSF’s award closeout process and have issued this report as a routine activity.

We determined that an audit of NSF’s award closeout process was not warranted at this time. All results presented in this report are conclusions based on our risk assessment. Please see Appendix B for our scope and methodology.

BACKGROUND

NSF’s GONE ACT Reporting

To comply with the GONE Act requirements, NSF reported 483 awards with no undisbursed balances in its FY 2017 *Agency Financial Report*. In its FY 2018 *Agency Financial Report*, NSF reported 132 of the 483 awards (27 percent) had since closed. Of the 351 remaining awards, NSF stated all but one remained open because the awardee had not provided the required final project reports.

During our preliminary analysis, we found that, as of March 2020, 305 of the 351 awards (87 percent) had not yet been closed. Therefore, we reviewed management and system controls over NSF’s award closeout process as part of our risk assessment.

\(^1\) See Appendix A for a summary of GONE Act reporting requirements.
NSF’s Award Closeout Process

NSF’s award closeout process has three phases: Financial, Administrative, and Final Award Closeout.

Financial Closeout

Most awards are automatically financially closed 120 days after the end date of the award. However, NSF may manually financially close an award if, for example, the awardee indicates that the final expenditure was made on the award before the award end date. As part of financial close, the award is removed from the list of active awards in NSF’s payment system, the Award Cash Management Service (ACM$), and any remaining award balances are deobligated. Depending on the status of the source appropriation, deobligated balances may be available to fund new awards, to add funding to active awards, or to fund adjustments to financially closed awards. For example, the awardee can access deobligated award balances for reimbursement of allowable incurred costs for up to 14 months after the award has been financially closed.

Administrative Closeout

In most cases, once the award is financially closed, it is administratively closed automatically via a nightly batch process. However, NSF will flag certain awards with special attention codes in the award system to exclude them from mass closeout. Such awards require additional review to ensure the special conditions have been resolved prior to manually administratively closing the award.

Final Award Closeout

An award is fully closed automatically and placed in an “Award Closed” status after it has been financially and administratively closed and all technical reporting requirements — such as the submission of annual, final, and project outcome reports, as applicable — have been met. Until these requirements have been met, an award is placed in an “Award Closed/Awaiting Reports” status and is still considered open.

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2 NSF requires project reports for all assistance awards, but specific programs may not mandate all three types.
RESULTS

We identified several risk areas in NSF’s award closeout process for which the agency could strengthen its management and system controls, and made suggestions intended to reduce these risks. NSF has already started making improvements to its award closeout process. Based on the results of our assessment and NSF’s responsiveness to the issues we identified, we determined an audit of NSF’s award closeout process was not warranted at this time. We will continue to monitor these areas and NSF’s progress in addressing these risks and may conduct future risk assessments or audits as appropriate.

We analyzed the timeliness of each of NSF’s three award closeout phases — Financial, Administrative, and Final Award Closeout. For the most part, NSF completed each phase of the award closeout timely. Specifically, for the awards in our assessment, we found:

- **97%** completed Financial Closeout as expected;
- **73%** completed Administrative Closeout as expected; and
- **90%** completed Final Award Closeout as expected.

However, NSF did not always follow its award closeout process, which resulted in delays in the financial and administrative closeout phases. Additionally, even though NSF took steps to reduce delays in awardee submission of technical deliverables, such as final reports, this area continues to be a challenge that prolongs final award closeout. Our assessment also identified other risks that may be contributing to delays in award closeout, including inconsistent processes and weaknesses in NSF’s Report Tracking System and communications process. Our report includes several suggestions intended to strengthen NSF’s management and system controls to reduce these risks.

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3 There were 42,770 awards in our risk assessment. Please see Appendix B for our scope and methodology.
4 Unless otherwise specified, percentages are approximate due to rounding.
Financial Closeout

We found that 41,324 awards (97 percent) in our assessment completed financial closeout in accordance with NSF’s policy. For the remaining 1,446 awards (3 percent):

- Financial closeout, although delayed, was completed for 341 awards.
- Financial closeout was not completed for 1,105 awards.

Table 1. Timeliness of Financial Close

<table>
<thead>
<tr>
<th>Length of Delay</th>
<th>Completed</th>
<th>Not Completed*</th>
<th>Grand Total</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Delayed</td>
<td>41,324</td>
<td>0</td>
<td>41,324</td>
<td>96.62%</td>
</tr>
<tr>
<td>&gt;0-6 Month</td>
<td>170</td>
<td>74</td>
<td>244</td>
<td>0.57%</td>
</tr>
<tr>
<td>&gt;6-12 Month</td>
<td>54</td>
<td>141</td>
<td>195</td>
<td>0.46%</td>
</tr>
<tr>
<td>&gt;12-18 Month</td>
<td>15</td>
<td>208</td>
<td>223</td>
<td>0.52%</td>
</tr>
<tr>
<td>&gt;18-24 Month</td>
<td>51</td>
<td>129</td>
<td>180</td>
<td>0.42%</td>
</tr>
<tr>
<td>&gt;2 Year</td>
<td>51</td>
<td>553</td>
<td>604</td>
<td>1.41%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>41,665</td>
<td>1,105</td>
<td><strong>42,770</strong></td>
<td><strong>97%</strong></td>
</tr>
</tbody>
</table>

* This column reflects awards eligible for financial closeout that had not received a financial close date by October 1, 2019.
** We applied a 30-day grace period for financial close. Therefore, awards categorized as not delayed received financial closeout within 150 days of the award expiration date (120-day window plus the 30-day grace period).
*** A month was defined as 30 days.

Source: OIG-developed table based on NSF data.

NSF Did Not Always Follow its Financial Closeout Policy

NSF’s Proposal and Award Policies and Procedures Guide (PAPPG) contains NSF’s policies on the proposal and award process for NSF’s assistance programs. According to the PAPPG, NSF will financially close out an award 120 days after its end date. The guide does not have exemptions for specific award types; however, NSF officials told us that they exempted Fellowship, Small Business Innovation Research (SBIR), and Small Business Technology Transfer (STTR) awards from the 120-day automatic financial closeout process.

Accordingly, 1,306 awards (90 percent) of the 1,446 that did not financially close at the 120-day window were Fellowship, SBIR, and STTR awards (see Figure 1). Specifically:

- Of the 1,270 Fellowship awards in our risk assessment, 1,054 awards (83 percent) had delays in financial closeout.

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5 Awardees also have the option to designate awards for financial closeout prior to the scheduled financial closeout date.
• Of the 1,483 SBIR/STTR awards in our risk assessment, 252 awards (17 percent) had delays in financial closeout.

In November 2020, NSF notified staff that it is no longer exempting SBIR/STTR and some Fellowships from the automated financial closeout — resolving the highest risk for financial closeout. As part of our risk assessment, we did not analyze why the remaining 140 awards were not financially closed timely.

**Figure 1. Delays in Financial Closeout by Award Type**

<table>
<thead>
<tr>
<th></th>
<th>Fellowship Awards</th>
<th>SBIR/STTR Awards</th>
<th>Other Awards</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;0-6 Months</td>
<td>61</td>
<td>132</td>
<td>51</td>
</tr>
<tr>
<td>&gt;6-12 Months</td>
<td>115</td>
<td>33</td>
<td>47</td>
</tr>
<tr>
<td>&gt;12-18 Months</td>
<td>188</td>
<td>19</td>
<td>16</td>
</tr>
<tr>
<td>&gt;18-24 Months</td>
<td>134</td>
<td>37</td>
<td>9</td>
</tr>
<tr>
<td>&gt;2 Years</td>
<td>556</td>
<td>31</td>
<td>17</td>
</tr>
<tr>
<td>Total</td>
<td>1,054</td>
<td>252</td>
<td>140</td>
</tr>
</tbody>
</table>

Source: OIG-developed graphic based on NSF data.
We found 30,611 awards (73 percent) in our assessment completed administrative closeout in accordance with NSF policy. For the remaining 11,054 awards (27 percent) in our assessment:

- Administrative closeout, although delayed, was completed for 8,286 awards.
- Administrative closeout was not completed for 2,768 awards; however, 1,394 of those were eligible for administrative close for less than 30 days.

### Table 2. Timeliness of Administrative Closeout

<table>
<thead>
<tr>
<th>Length of Delay</th>
<th>Completed</th>
<th>Not Completed*</th>
<th>Grand Total</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Delayed**</td>
<td>30,611</td>
<td>1,394</td>
<td>32,055</td>
<td>76.82%</td>
</tr>
<tr>
<td>&gt;0-6 Months</td>
<td>7,080</td>
<td>44</td>
<td>7,124</td>
<td>17.10%</td>
</tr>
<tr>
<td>&gt;6-12 Months</td>
<td>726</td>
<td>19</td>
<td>745</td>
<td>1.79%</td>
</tr>
<tr>
<td>&gt;12-18 Months</td>
<td>308</td>
<td>15</td>
<td>323</td>
<td>0.78%</td>
</tr>
<tr>
<td>&gt;18-24 Months</td>
<td>99</td>
<td>240</td>
<td>339</td>
<td>0.81%</td>
</tr>
<tr>
<td>&gt;2 Years</td>
<td>73</td>
<td>1,056</td>
<td>1,129</td>
<td>2.71%</td>
</tr>
<tr>
<td>Total</td>
<td>38,897</td>
<td>2,768</td>
<td>41,665***</td>
<td></td>
</tr>
</tbody>
</table>

* This column reflects awards eligible for administrative closeout that had not received an administrative close date as of October 1, 2019.
** We applied a 30-day grace period for administrative close. Therefore, awards without special conditions were described as not delayed if those awards received administrative closeout within 30 days of the financial close date. Awards with special conditions were categorized as not delayed if the awards received administrative closeout within 210 days.
*** Of the 42,770 awards in our risk assessment population, 1,105 awards were ineligible for administrative closeout and excluded from this analysis because they had not completed financial closeout.

Source: OIG-developed table based on NSF data.

**NSF Did Not Always Follow its Administrative Closeout Policy**

An award is eligible for administrative closeout after receiving a financial close date. For most awards, once financial closeout occurs, the award is administratively closed automatically via a nightly batch process. For the purposes of our assessment, we allowed 30 days for the automated administrative closeout to occur. Therefore, these awards were described as not delayed if they received administrative closeout within 30 days of the financial close date.

When awards have special conditions, NSF staff manually review and administratively close the awards. To identify awards with special conditions, NSF runs a report every quarter that lists awards requiring manual administrative closeout. According to NSF’s *Award Closeout Standard Operating Guidance 2016-8*, which
was in effect at the time of our risk assessment, within 90 days of the report, the Grants Officer will determine if special conditions have been resolved and administratively close the award. Therefore, awards with special conditions should be administratively closed within 180 days after financial closeout. For the purposes of our assessment, we allowed an additional 30 days for NSF to complete administrative closeout. Accordingly, we described these awards as not delayed if they received administrative closeout within 210 days of the financial close date.

We found that of the 41,665 awards in our risk assessment, 9,660 (23 percent) had delays in administrative closeout. Specifically:

- Of the 40,921 awards that should have been administratively closed automatically, 9,419 awards (23 percent) had delays in administrative closeout.
- Of the 744 awards requiring manual closeout, 241 awards (32 percent) had delays in administrative closeout.

We did not analyze why administrative closeout was prolonged as part of our risk assessment. However, according to an NSF official, system limitations may prevent NSF from recording an administrative close date when the Division of Financial Management manually closes an award. The delays indicate there may be weaknesses in NSF’s administrative closeout process.

**Figure 2. Delays in Administrative Closeout for Awards with and without Special Conditions**

<table>
<thead>
<tr>
<th></th>
<th>&gt;0-6 Months</th>
<th>&gt;6-12 Months</th>
<th>&gt;12-18 Months</th>
<th>&gt;18-24 Months</th>
<th>&gt;2 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awards without Special Conditions</td>
<td>6,978</td>
<td>692</td>
<td>297</td>
<td>332</td>
<td>1,120</td>
</tr>
<tr>
<td>Awards with Special Conditions</td>
<td>146</td>
<td>53</td>
<td>26</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>TOTAL</td>
<td>9,419</td>
<td>241</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

We applied a 30-day grace period for administrative close. Therefore, awards without special conditions were described as delayed if those awards received administrative closeout more than 30 days from the financial close date. Awards with special conditions were categorized as delayed if those awards received administrative closeout more than 210 days from the financial close date.

Source: OIG-developed graphic based on NSF data.
We found that 34,868 of the awards (90 percent) in our assessment completed final award closeout within 30 days of administrative closeout. For the remaining 4,029 awards (10 percent):

- Final award closeout, although delayed, was completed for 2,591 awards. These delays could have been the result of outstanding project reports.
- Final award closeout was not completed for 1,438 awards. At the time of our assessment, these awards were considered open as NSF had not yet received all required reports.

Delayed Technical Deliverables Continues to be a Challenge in Final Award Closeout

In 2016, GAO listed delayed technical deliverables as one of the areas agencies (including NSF) cited as a challenge that may delay award closeout. In its GONE Act reporting, NSF reported that most of the awards held open for more than 2 years after expiration remained open because of outstanding project reports. Additionally, as illustrated in Figure 3, of the 1,438 awards in an “Award Closed/Awaiting Reports” status, 346 awards (24 percent) were in that status for more than 1 year. This indicated that outstanding reports still contribute to final award closeout taking longer than a year for some awards.

Figure 3. Time Awards Were Awaiting Final Reports

*Awards with outstanding project reports, although considered open, have a status of Award Closed/Awaiting Reports until all required reports are received. Once NSF receives all required project reports, an award’s status is changed to Award Closed, indicating the award is fully closed.

Source: OIG-developed graphic based on NSF data.

6 Of the 42,770 awards in our risk assessment population, 3,873 awards were ineligible for final closeout and excluded from this analysis because they had not completed administrative closeout. We applied a 30-day grace period for final close. Therefore, awards categorized as delayed were fully closed more than 30 days after administrative closeout.

7 GAO-16-362, Grants Management: Actions Needed to Address Persistent Grant Closeout Timeliness and Undisbursed Balance Issues, April 2016
NSF Policy Encourages Prompt Submission of Required Reports

According to NSF’s PAPPG, if awardees do not submit final technical reports on time, it “will delay NSF review and processing of pending proposals for all identified PIs and co-PIs on a given grant.” Likewise, if awardees do not submit annual project reports timely, it “will delay processing of additional funding and administrative actions, including, but not limited to, no cost extensions. In the case of continuing grants, failure to submit timely reports may delay processing of funding increments.”

In our 2013 audit of NSF’s controls over grant reporting, we “determined that NSF has made significant improvements in ensuring that grantees submit project reports on time.” Specifically, “the percentage of final reports submitted late declined from 53 percent in our prior audit to 20 percent for our current audit, while the percentage of final reports not submitted declined from 8 percent to 5 percent. Similarly, for annual reports, the percentage not submitted also declined from 42 percent to 2 percent.”

NSF officials told us the agency continues to seek ways to improve submission levels, but extenuating circumstances may prevent the agency from obtaining required reports for certain awards. For example, NSF said that it can be difficult or impossible to obtain project reports from PIs who have discontinued employment at the awardee institution or who are deceased.

Although NSF has made progress in this area, we identified the following two risk areas that may impact tracking and timely submission of required project reports.

**NSF’s Project Reporting System Does Not Always Track All Required Reports**

NSF tracks compliance with awardee submission of required reports in its Project Reporting System. NSF has a control to delay the processing of additional funding and administrative actions until required reports are received. However, we found that NSF’s Project Reporting System did not always create a record for annual project reports when they were required in the award solicitation. Specifically, 93 out of 518 fellowship awards in our assessment with this reporting requirement did not have a record in NSF’s Project Reporting System. Of the 93, 20 awards had a status of “Award Closed,” which indicated they may have been closed with outstanding annual reports.

**NSF Has Inconsistent Processes for Administratively Closing Awards with Outstanding Project Reports**

NSF’s Proposal and Award Manual (PAM) complements the PAPPG; however, it is not consistent regarding the requirement for Final Project Reports. According to NSF’s PAPPG, administrative closeout occurs “after receipt of the Final Project Report and after determination that any other administrative requirements in the grant have been met.” However, NSF’s PAM, which provides instructional guidance to NSF staff related to the administration of assistance awards, does not list receipt of the Final Project Report as a prerequisite for administrative closeout. When we asked about the discrepancy, an NSF official told us that administrative closeout is not dependent on receipt of a Final Project Report.

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9 NSF.GOV/OIG | OIG 21-6-002
Our risk assessment included 1,438 awards that were administratively closed but held open in an “Award Closed/Awaiting Reports” status, indicating outstanding reports prevented the award from fully closing. Because awardees rely on guidance in the PAPPG, the policy may give awardees the impression that administrative closeout means that NSF’s technical reporting requirements have been met. This could result in delays in fully closing awards in these statuses.

**NSF Did Not Always Follow its Final Award Closeout Process**

We found that NSF did not follow its final award closeout process for the 2,377 awards in our risk assessment that were fully closed due to a PI transferring to another institution. An award should only become eligible for being fully closed after it has been financially and administratively closed and all technical reporting requirements have been met. However, NSF fully closed these awards before they were financially and/or administratively closed. Specifically:

- Final award closeout was improperly completed for 1 award as it was not financially or administratively closed before being fully closed.
- Final award closeout was improperly completed for 1,277 awards that were not administratively closed. For all but 2 of these awards, financial closeout, although completed, occurred after the award was fully closed.
- Final award closeout was improperly completed for 1,099 awards where financial and administrative closeout, although completed, occurred after the award was fully closed.

**NSF Does Not Have A Comprehensive Award Closeout Communication Process**

NSF sends awardees important information upon award, and during an award’s period of performance, but has not established a comprehensive process for communicating important aspects of award closeout. For example, when an award is made, NSF issues letters to notify awardees of award start and end dates, the award amount, and award terms and conditions. However, NSF does not send a letter after the end date of the award notifying awardees of the:

- Date(s) the award was financially, administratively, and fully closed, or, in the case of awards not fully closed, which requirements have not been met.
- Amount of unexpended funds deobligated from the award and the period they are available for upward adjustment.
- Post award terms and conditions, such as the award’s record retention period. Awardees must retain financial records, supporting documents, and statistical records relevant to the grant for 3 years. For most awardees, the record retention period begins on the date the award was financially closed.

Because NSF does not send award closeout letters, awardees may rely on other sources for this information, such as ACM$, which contains award level financial information regarding their awards. However, there is a risk that awardees may misinterpret some information in this system. For example, the date the award was, or is expected to be, financially closed is labeled “Expected Close Date/Closed Date” in ACM$. If awardees with outstanding administrative and technical requirements mistakenly infer that this...
date is the date the award was fully closed, they may assume they have met all outstanding requirements. This may contribute to delays in the award closeout process.

NSF agreed that this is a risk area and indicated that it had already begun discussions on how to include award closeout letter(s) in communications with awardees.
WHY IT MATTERS

Delays in any one of the three award closeout phases can cause delays in an award becoming fully closed. In addition to prolonging the delay of the subsequent close out phase, delays in financial close can result in:

- Delays in deobligating unexpended balances from expired awards, preventing these funds from being available for valid new obligations or upward adjustments on existing obligations, as appropriate.
- Payment requests being processed as if the award were still active, preventing additional oversight of payment requests submitted after an award expires. For example, when an upward adjustment is equal to or greater than $25,000, awardees must submit detailed supporting documentation of the expenditures that make up the adjustment. NSF reviews this supporting documentation to determine the reasonableness, allowability, and allocability of the charged costs.
- Unnecessary extension of record retention periods for awardees as most awardees are required to retain records pertinent to the NSF award for 3 years from the financial closeout date.

Inconsistent or unclear guidance, management or system control weaknesses, and absence of comprehensive communication process may limit NSF’s ability to ensure all award requirements are met. Specifically:

- When an administrative close date is not recorded, there is uncertainty regarding if/when special conditions were resolved.
- NSF’s control to delay the processing of additional funding and administrative actions for awards to PIs and co-PIs with outstanding technical projects reports may not be working properly if all project reporting requirements are not captured in NSF’s project reporting system.
- Without clear guidance and a comprehensive communication process for award closeout, awardees may not know if each phase of award closeout was completed, or when they were completed. If closeout did not occur, the awardee may not know which project reporting requirements or other outstanding deliverables prevented the award from being fully closed. Having a comprehensive record of NSF’s communication of important closeout information could also help NSF Program Officers hold awardees accountable for completing award closeout actions.
SUMMARY OF OIG SUGGESTIONS

We suggest that NSF:

1. Strengthen controls over its financial closeout process by ensuring that it occurs within 120 days of the award end date, regardless of the award type.

2. Strengthen controls over its administrative closeout process by implementing a process to ensure that administrative close happens automatically unless the award has special conditions. For awards with special conditions, NSF should ensure special conditions are resolved and awards are administratively closed in accordance with NSF policy.

3. Strengthen controls over its final closeout process by:
   
   A. Implementing a consistent policy for closeout of awards with outstanding technical deliverables.
   
   B. Ensuring that when solicitations require annual project reports, these reports are included in the Project Reporting System.

   C. Issuing award closeout letters, which could include the following information:
      
      • Financial, administrative, and final award closeout dates.
      
      • Outstanding deliverables or actions preventing administrative and/or final award closeout.
      
      • Amount of undisbursed balances and the date when those balances will no longer be available for upward adjustments.
      
      • Date when the 3-year record retention period begins.

An NSF official commented that our risk assessment and suggestions will complement some of the new initiatives NSF is implementing. Specifically, NSF improved the award closeout process by no longer exempting SBIR, STTR, and some Fellowship awards from the automatic financial close at 120 days. Additionally, NSF has begun discussions on how to improve communication for the award closeout process and agreed to review the language in the PAM and PAPPG to consider whether it can be clarified.
To improve accountability and oversight in awards management, the GONE Act required Federal agencies to report Federal grant and cooperative agreement awards with periods of performance that were expired for at least 2 years and had not been closed. The agencies were also required to provide an update after 1 year to specify which awards listed in the prior year’s report have not yet been closed.

A subsequent Office of Management and Budget (OMB) Memorandum set forth the detailed reporting requirements pursuant to the GONE Act. Refer to Figure 4 for a timeline of GONE Act requirements.

**Figure 4. Timeline of GONE Act Reporting Requirements**

- **November 15, 2017**
  - Agencies must report the number of expired awards not yet closed with planned action to address challenges in delayed closeout. A list of the awards must also be sent to OMB.

- **November 15, 2018**
  - Agencies must detail progress made in closing out awards listed in their FY 2017 submission and report remaining expired awards not yet closed. An update also had to be sent to OMB specifying which awards have been closed since the previous submission.

- **February 15, 2019**
  - The Secretary of Health and Human Services must submit a consolidated report to Congress specifying the awards each agency has closed since their initial report.

- **March 31, 2020**
  - The Inspector General of agencies with more than $500 million in annual grant funding must conduct a risk assessment to determine if an audit or review of the agency’s grant closeout process is warranted.

- **September 30, 2019**
  - OMB must submit a report to Congress on recommendations, if any, for legislation to improve accountability and oversight in grants management.

*Source: OIG-developed graphic illustrating GONE Act reporting requirements.*
APPENDIX B – SCOPE AND METHODOLOGY

We performed this risk assessment as a routine activity, assessing the risk that weaknesses in management and system controls, in each phase of NSF’s award closeout process, contributed to delays in award closeout. Specifically, we:

- Interviewed NSF officials and reviewed applicable policies and procedures to gain an understanding of NSF’s Award Closeout process.
- Extracted historical data from NSF’s systems to confirm NSF GONE Act reporting numbers.
- Reviewed NSF’s Project Reporting System to determine whether it tracks all required technical reports for applicable fellowship awards.
- Used data extracts from NSF’s systems to conduct risk assessments on 42,770 awards to evaluate the risk that NSF did not follow its closeout process or perform timely closeout procedures. The awards included grants and cooperative agreements with an expiration date on or after November 1, 2015, that were financially closed as of the date we extracted the data, October 30, 2019, or were eligible for financial closure by October 1, 2019. Specifically, during each of the three award closeout phases — financial, administrative, and final award closeout, we evaluated the following:

  - **Financial Closeout**: We assessed the time it took for NSF to financially close an award by calculating the number of days between the expected financial close date and the date financial closure occurred. For instances where no financial close date was recorded, we used the date we extracted the data.
  - **Administrative Closeout**: We assessed the time it took for NSF to administratively close an award by calculating the number of days between the expected administrative close date and the date administrative closure occurred. For instances where no administrative close date was recorded, we used the date we extracted the data. We excluded 1,105 of the 42,770 awards from this assessment as these awards were ineligible because they did not have a financial close date.
  - **Final Award Closeout**: We assessed the time it took for NSF to place an award in a closed status after receiving an administrative close date. Because NSF does not maintain a data element capturing the final award close date, we used the date of the last change to the status of the award to determine when it was placed in the closed status. For instances where the award was not in a fully closed status, we used the date we extracted the data. We excluded 3,873 of the 42,770 awards from our assessment as these awards were not eligible because they did not have a financial and/or administrative close date. Additionally, 1,278 of the excluded awards were analyzed further when we assessed whether NSF followed its final award closeout process for awards which were fully closed due to a PI transferring to another institution.

Jennifer Miller, Director, Compliance Analytics Team; Ruth Gonzalez, Data Analytics Project Manager; Holly Snow, Audit Manager, Kelly Stefanko, Audit Manager; Elizabeth Argeris Lewis, Executive Officer and Communications Analyst; and Brittany Moon, Independent Report Referencer, made key contributions to this report.
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