Overview/Purpose

Accounting System Reviews are a review of an organization's accounting system to assess the ability of an organization to manage federal funds in accordance with applicable federal regulations and award terms and conditions. NSF may decide not to issue new funding and/or secure existing funding to an organization that cannot demonstrate that it maintains an accounting system which can track and segregate costs by award/project.

Timeframe/Roles

- Accounting System Reviews may be conducted on a pre-award basis by the Cost Analysis and Pre-Award Branch (CAP), performed in conjunction with other pre-award reviews (e.g., Proposal Budget Reviews), or post-award by the Resolution and Advanced Monitoring Branch (RAM), performed as part of an advanced monitoring site visit or desk review. Information may also be requested and analyzed by the Division of Grants and Agreements, Division of Acquisition and Cooperative Support, and/or the Large Facilities Office.
- Awardee organizations are responsible for providing accurate, current, and complete information regarding their accounting system and demonstrate the ability to track and account for costs on a project-by-project basis.

Topics Covered

CAP and RAM typically verify that awardee accounting systems provide for:

- Financial information to assist with new proposal budget preparation based on actual, supportable cost data
- Classification of expenditures as direct, indirect, or unallowable as they are incurred
- Tracking costs by project/grant/funding source and by NSF budget line-item expense category
- Complete and accurate financial information (e.g., balance sheets, income statements, project cost ledgers and award summary reports)
- Maintenance of adequate source documentation supporting all expenditures and cost sharing claimed on NSF awards, when cost sharing is required under an NSF award
- Internal controls and segregation of duties to ensure that no one employee has complete control of accounting transactions or processes.

Useful Links:

National Science Foundation

Division of Institution and Award Support (DIAS)

DIAS Resolution and Advanced Monitoring Branch (RAM)

DIAS Cost Analysis and Pre-Award Branch (CAP)

NSF Proposal & Award Policies and Procedures Guide (PAPPG)

Prospective New Awardee Guide (PNAG)

Other NSF Policies and Award Conditions

Uniform Guidance (2 CFR 200)

For additional information consult:
NSF Division of Institution and Award support (DIAS) website
https://www.nsf.gov/bfa/dias/

Questions may be directed to:
(703) 292-8244

Common Concerns

- **Policies, Procedures, and Practices Not Documented** – Awardee organizations often have good practices but have incomplete or no written policies and procedures. Written policies are essential to demonstrate good practices and ensure consistent compliance; especially during times of staff turnover.
- **Budget Information Not Incorporated into Accounting System** – Rather than incorporating budget information into the accounting system, some organizations compare budget information maintained in separate spreadsheets with accounting information downloaded or manually input, a process that is cumbersome and prone to error.
- **Accounting System Does Not Generate Summary Financial Reports** – Similar to the prior concern, if the accounting system cannot generate summary financial reports that can also compare budgeted amounts to actual expenditures, awardees and external reviewers cannot easily determine the financial status of the award.
- **Award Costs Not Posted to the Accounting System** – Some awardee organizations manually calculate expenditures and fail to post them to the accounting system in a timely manner (e.g., indirect recovery costs, fringe benefits). This often results in reimbursement requests that don't align with expenditures in the accounting system and the appearance of excess cash on hand.