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United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION

WASHINGTON, DC 20510-6125

WEBSITE: <http://commerce.senate.gov>

February 11, 2015

The Honorable France A. Córdova
Director, National Science Foundation
4201 Wilson Boulevard
Arlington, VA 22230

The Honorable Daniel E. Arvizu
Chairman, National Science Board
4201 Wilson Boulevard
Arlington, VA 22230

Dear Drs. Córdova and Arvizu:

Federally-funded research facilities contribute to important areas of science and engineering, help maintain our nation's competitive edge, and deliver significant economic benefits. Proper accounting of facility budgets – including comprehensive and accurate information pertaining to the construction and operation of these facilities – ensures that all expenditures are fair and reasonable and protects funding for important core research grants and programs. Therefore, to ensure the efficient use of taxpayer dollars and to maximize Federal research investment, the Commerce Committee requests information regarding the National Science Foundation's (NSF) fiscal management of its large facility cooperative agreements for facility construction and operation.

Multiple reviews and reports by the NSF Office of Inspector General (OIG) have recommended improvements in NSF's methodology for estimating and tracking facility costs.¹ Independent external audits of NSF financial statements have also suggested the need for close attention to construction-type cooperative agreements.² The Committee welcomes recent NSF efforts to make some improvements to its management of large facility cooperative agreements. For example, NSF has expressed its intention to change its end-to-end cost surveillance policies and procedures and obtain audits of certain awardees' accounting practices prior to entering into a large facility construction cooperative agreement totaling \$100 million or more.³

¹ Memorandum from Brett M. Baker, Assistant IG for Audit, NSF, to Martha Rubenstein, Dir., Office of Budget, Fin., and Award Mgmt., NSF, NSF OIG Alert Memo, Report No. 12-6-001, NSF's Management of Cooperative Agreements (Sept. 28, 2012), available at <http://www.nsf.gov/oig/reports/Alert%20Memo%20on%20Mgmt%20of%20Cooperative%20Agreements.pdf>; NSF OIG, SEMI-ANNUAL REPORT TO CONGRESS (Sept. 2014), available at <http://www.nsf.gov/pubs/2015/oig15001/oig15001.pdf>.

² NSF, FY 2014 AGENCY FINANCIAL REPORT (Dec. 15, 2014), available at <http://www.nsf.gov/pubs/2015/nsf15002/pdf/nsf15002.pdf>.

³ Memorandum from Richard O. Buckius, Chief Operating Officer, NSF, to Allison C. Lerner, IG, NSF, NSF's Management of Large Facilities Construction Projects (Jan. 13, 2015).

Nonetheless, the OIG has identified accountability over large facility cooperative agreements as a top NSF management and performance challenge for Fiscal Year 2015.⁴ Resolving this challenge in order to maximize the budget available for funding scientific research is a goal shared by NSF, the OIG, and awardees. The Committee also shares this goal and supports both a review of current NSF policies and the establishment of improved procedures, where necessary. As part of the Committee's oversight function, and to assure Congress and the American public that NSF is prioritizing the financial management of large facility cooperative agreements, the Committee requests the information described below.

1. Please provide all internal policies and procedures governing the approval and oversight of large facility cooperative agreements, including end-to-end cost surveillance, from Fiscal Year 2010 through the present.
2. Please provide documents detailing agency responses, including prior and current positions, to the recommendations made by the NSF OIG, the Defense Contract Audit Agency, and CliftonLarsonAllen pertaining to large facility cooperative agreements from Fiscal Year 2010 to the present.
3. Please identify each active large facility cooperative agreement with a National Science Board approved award amount totaling \$200 million or more.
4. For each large facility cooperative agreement identified under 3, please provide the annual project reports, business system reviews, cost proposal reviews, sufficiency reviews, incurred cost audits, and any other financial reviews from Fiscal Year 2012 to the present.
5. For each large facility cooperative agreement identified under 3, please provide a full accounting of funds that NSF has requested or plans to request to be returned, as well as any funds returned, from Fiscal Year 2010 to the present.
6. Please provide any plans for an external review of the NSF's management of large facility cooperative agreements.

⁴ Memorandum from Allison C. Lerner, IG, NSF, to Dan Arvizu, Chairman, Nat'l. Sci. Bd. & France Córdova, Dir., NSF, Management Challenges for NSF in FY 2015 (Oct. 23, 2014), *available at* <http://www.nsf.gov/oig/2015ManagementChallenges.pdf>.

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Thank you for your cooperation and prompt attention to this matter. We would appreciate receiving your response as soon as possible, but by no later than March 4, 2015.

The Committee is making this request pursuant to its authority under Senate Rules XXV and XXVI. An attachment to this letter provides additional information about how to respond to the Committee's request. If you have any questions, please contact Cherilyn Pascoe or Missye Brickell with the Majority Committee staff at (202) 224-1251 or Brad Torpey or Richard-Duane Chambers with the Minority Committee staff at (202) 224-0411.

Sincerely,



JOHN THUNE
Chairman



BILL NELSON
Ranking Member

Enclosure

cc: Ms. Allison C. Lerner
Inspector General
National Science Foundation