



NSF OIG CORNER

Lessons Learned from Auditing COVID-19 Flexibility Implementations

By Keith Nackerud

Since the Coronavirus Disease 2019 (COVID-19) pandemic began, it has caused disruption, uncertainty, and hardship in all areas of our society, including the research enterprise. In response to the pandemic, the Office of Management and Budget (OMB) authorized, and NSF implemented, temporary administrative flexibilities that relaxed standard grant management requirements and helped the award recipient community better respond to the health, safety, and operational challenges it was facing.

Examples of flexibilities offered include allowance of costs that are not typically allowable, continuation of salary payments to individuals unable to perform work due to COVID-19-related shutdowns, extension of currently approved indirect cost rates, and extension of Single Audit submission timelines. Given the unique and extraordinary nature of these flexibilities, we contracted with an accounting firm to conduct 10 audits of award recipient institutions to examine how they implemented these flexibilities. These 10 audits provided a snapshot of the successes and challenges related to the flexibilities and provided insights into how these flexibilities could be enhanced in the case of a future emergency.

Success Stories

The NSF award recipients we reviewed used the COVID-19 flexibilities to help ensure essential research continued throughout the pandemic. The recipients were generally prudent in their stewardship of federal resources and generally complied with the flexibilities and associated guidance. The flexibilities also helped recipients facilitate a smoother transition to remote work, while, simultaneously devoting significant time and resources to address immediate pandemic-related issues.

The audits found all 10 award recipients implemented multiple flexibilities so researchers could effectively respond to the COVID-19 pandemic and ensure research continued. For example, all 10 auditees used the COVID-19 flexibility that allowed salary costs to be charged for employees who were unable to work due to stay-at-home and social distancing orders. Additionally, 4 of the 10 awardees used the COVID-19 flexibility allowing for the donation of medical supplies purchased with NSF award funds.

Lessons Learned

Amidst these successes were valuable lessons learned. The award recipients were not always able to, or were hesitant to, implement the flexibilities. Reasons for not implementing the flexibilities included:

- not having sufficient time or resources to implement the flexibilities;
- unclear or vaguely defined guidance;
- inconsistent implementation by federal agencies; and
- the short window of time for which the flexibilities were available.

Additionally, recipients worried that if they implemented all available flexibilities, they would run out of funds needed to achieve research objectives. According to the guidelines, recipients should not assume more funds would be available. This made it difficult for recipients

to justify using the flexibilities if doing so may jeopardize achieving research objectives.

Finally, many recipients did not formally track their use of the flexibilities—which OMB and NSF did not require. As a result, many recipients were unable to confirm which flexibilities they used or identify flexibility-related costs.

Future Best Practices

In the event of another emergency that impacts the research enterprise, we identified a few best practices for the federal government's consideration:

- Providing more comprehensive and precise guidance.
- Creating a Frequently Asked Questions website to help award recipients better understand options for implementing future flexibilities.
- Developing additional federal and agency guidance about supplemental funding availability to help award recipients better plan and identify which flexibilities to implement.

Additionally, both the federal government and award recipients could benefit if recipients are required to formally track the flexibilities they implemented and any flexibility-related spending.

For more information, please see our *Capstone Report: Observations on the OMB COVID-19 Flexibilities*, issued on August 3, 2021.

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