

Audit of the National Science Foundation's Fiscal Years 2023 and 2022 Financial Statements

REPORT PREPARED BY KEARNEY & COMPANY, P.C.





NATIONAL SCIENCE FOUNDATION
Office of Inspector General

MEMORANDUM

DATE: November 14, 2023

TO: Dr. Dan Reed
Chair
National Science Board

Dr. Sethuraman Panchanathan
Director
National Science Foundation

FROM: Allison C. Lerner *Allison C. Lerner*
Inspector General

SUBJECT: Audit Report No. 24-2-002, *Audit of the National Science Foundation's Fiscal Years 2023 and 2022 Financial Statements*

This memorandum transmits the Kearney & Company, P.C.'s reports on its financial statement audit of the National Science Foundation (NSF) for FY 2023, which includes FY 2022 comparative information.

Audit Reports on Financial Statements; Internal Control over Financial Reporting; and Compliance with Laws, Regulations, Contracts, and Grant Agreements

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, 2023, 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 24-01, *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 2023, 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, 2023 and 2022, and its net cost of operations, 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 14, 2023, follows Kearney's reports.

Kearney is responsible for the attached auditor's reports dated November 14, 2023, 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).

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 Theresa S. Hull, Assistant Inspector General, 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.

At a Glance

Audit of the National Science Foundation's Years 2023 and 2022 Financial Statements

November 14, 2023 | OIG 24-2-002



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 2023 comparative financial statements. Kearney is responsible for the attached auditor's reports dated November 14, 2023, 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, 2023 and 2022. 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/2024/nsf24002/pdf/07-chap2-financials.pdf> for Chapter 2, *Financials*, of NSF's 2023 Agency Financial Report (AFR), which includes the audit reports. The complete AFR can be found at: <https://www.nsf.gov/pubs/2024/nsf24002/index.jsp>.



RECOMMENDATIONS

Kearney made no recommendations in its reports.



AGENCY RESPONSE

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

About NSF OIG

We promote effectiveness, efficiency, and economy in administering the Foundation's programs; 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* (5 USC 401-24). 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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For further information or questions, please contact us at OIGpublicaffairs@nsf.gov or 703-292-7100. Follow us on Twitter at [@nsfoig](https://twitter.com/nsfoig). Visit our website at <https://oig.nsf.gov/>.

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- File online report: <https://oig.nsf.gov/contact/hotline>
- Anonymous Hotline: 1-800-428-2189
- Mail: 2415 Eisenhower Avenue, Alexandria, VA 22314 ATTN: OIG HOTLINE
- For general inquiries about reporting fraud, waste, and abuse: Email oig@nsf.gov

National Defense Authorization Act (NDAA) General Notification

Pursuant to Pub. L. No. 117-263 § 5274, business entities and non-governmental organizations specifically identified in this report have 30 days from the date of report publication to review this report and submit a written response to NSF OIG that clarifies or provides additional context for each instance within the report in which the business entity or non-governmental organizations is specifically identified. Responses that conform to the requirements set forth in the statute will be attached to the final, published report.

If you find your business entity or non-governmental organization was specifically identified in this report and wish to submit comments under the above-referenced statute, please send your response to OIGPL117-263@nsf.gov, no later than December 20, 2023. We request that comments be in .pdf format, be free from any proprietary or otherwise sensitive information, and not exceed two pages. Please note, a response that does not satisfy the purpose set forth by the statute will not be attached to the final report.