



National Institute of Food and Agriculture

U.S. DEPARTMENT OF AGRICULTURE

BIOENERGY, CLIMATE, AND ENVIRONMENT
FOOD PRODUCTION AND SUSTAINABILITY
YOUTH, FAMILY, AND COMMUNITY
FOOD SAFETY AND NUTRITION
INTERNATIONAL PROGRAMS

Grants Support Technical Assistance workshop

NIFA

Oversight Compliance Reviews

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Cason Puckett
Staff Accountant

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**Office of Grants and Financial Management (OGFM)
Compliance Review**



Types of NIFA OGFM Compliance Reviews

- Virtual
- Site

Both include Desk Review



Topics Covered in OGFM Compliance Review

- Types of Site Visits
- Purpose, Goals, Outcomes
- Typical Program
- Types of Grants Reviewed by NIFA
- Review Steps
- Information Requested by NIFA
- Common Opportunities, Challenges and Findings
- Resources



Types of Site Visits

- NIFA's OGFM, Policy and Oversight Division (POD) leads the reviews.
- POD's post-award compliance reviews are generally performed in conjunction with a site or virtual visit. The site visit is comprised of meetings; outreach and technical assistance; and facility inspections, most commonly through tours of research facilities, and agricultural farms. Program personnel often accompany POD on site visits, as a measure of outreach to assist our partners in successfully attaining our shared goals. The input of Program personnel is also vital in ensuring awards under review successfully met objectives.
- Virtual Visits may be conducted in lieu of site visit reviews, as deemed necessary by the Agency. Virtual Visits do not require POD staff to visit the site, however, all compliance review requirements are applicable.
- Both Site and Virtual Visits involve a desk review (financial) consisting of 2 phases; an internal control review and sample selection, and a subsequent test of transactions. A preliminary report is issued at the time of the Virtual Visit.



Purpose, Goals, Outcomes

- Post-Award Compliance Reviews are conducted to ensure award expenditures are following federal regulations and to guard against Improper Payments.
- The purpose of our reviews is guided by the Federal Managers Financial Integrity Act of 1982 (P. L. 97-255), which requires federal agencies to monitor costs for compliance with applicable laws and regulations, and safeguard property against waste, loss, or misuse. Through the course of the review, NIFA will assess Grantees' compliance with NIFA-specific terms and conditions, and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, also called the Uniform Guidance (2 CFR 200), among others.
- The Post-Award Compliance Review visit (site/virtual) is a great opportunity for NIFA Programmatic and Business units to provide outreach and technical assistance while on site.
- In the alternative, virtual visits can also be utilized as an opportunity to collaborate on possible improvements and review program accomplishments of the institution.



Purpose, Goals, Outcomes

- While on location, NIFA representatives primarily spend their time speaking with College Administrators and staff, and University financial staff to better understand business processes. NIFA program staff play a secondary role on the site visit but provide programmatic technical assistance as needed and information about upcoming opportunities and basic grantsmanship tips.
- Alternatively, during the virtual visit, the NIFA review participants present the conclusions of their review and the respective institution's review participants present the institution's achievements as they relate to NIFA programs. In either case, a key role NIFA plays is one of partnership; a partner of the College/School of Agriculture, and a partner in agricultural programs, to ensure University financial/business units provide adequate service to the College/programs, and that USDA funding is adequately safeguarded and reaches its intended purpose. When issues are discovered, NIFA works in partnership with the business unit(s) or College to achieve compliance or make improvements.
- During a site visit, the NIFA team also spends time touring and meeting PIs, researchers, and students. Touring is an important internal control evaluative factor since the level of engagement is a good indicator of how committed staff is to achieving quality results. On the other hand, if the review calls for the virtual visit, the team will instead pursue and encourage collaboration through alternative means, primarily electronically, such as telephone, email, zoom, teams, etc. The positive feedback the institution receives from either the site team or the virtual visit team is an important morale booster and reminder of the importance of their work: they are not just working for the College but for the American taxpayer, through USDA funding.



Typical Program

Length of Visit	Site: 2-5 business days Virtual: 2 hours (online)
Scheduled Dates	Dates are negotiated and agreed upon between NIFA and grantee in advance, either 2 months (site) or 1 month (virtual)
Agenda	Jointly prepared; NIFA provides a draft and works with the grantee to finalize it, with flexibility built in
Preliminary Report	NIFA will send the report electronically in the form of a letter within 60 days of the visit. The report will address compliance, internal control, policy issues, and questioned or disallowed costs, with recommendations. Grantees are allowed a 60-day commenting period for clarifications, to provide additional documentation, etc.
Final Report	Based on the resolution of responses and timeframe of the responses, NIFA will issue a final report electronically in the form of a letter. The report will highlight positive activities and address compliance, internal control, policy issues, and disallowed costs with recommendations, if applicable.



Awardee Reviews by NIFA

- Each year, NIFA awardees are selected for compliance reviews based on a risk matrix analysis. All NIFA grantees are included in the annual risk matrix review process, with selectees published on NIFAs website each year for awareness.
- At a minimum, six NIFA awardees are selected each year for a compliance review, which includes financial sample reviews from the general ledger. Where time and resources allow, NIFA may review more than six awardees in a year.



Areas of Review

NIFA will inspect your Institution's internal policies and procedures, perform data analytics on grant expenditures, and examine supporting documentation, and accomplishment and financial reports, to determine whether:

- Internal controls are adequate to safeguard federal funds;
- Policies and procedures are adequate to ensure compliance with federal laws, Agency regulations including 7 CFR 3430, the Uniform Guidance, and the awards' terms and conditions;
- Financial records fairly present the condition of awards;
- Award costs are allowable in accordance with federal laws, Agency regulations and awards' terms and conditions.
- Financial transactions are supported by sufficient documentation.



Examples of Information Requested by NIFA

- General ledger chart of accounts and explanation of how NIFA funding and grant expenditures are segregated in the accounting system
- Written policy of how grant expenditures (direct and matching) are reviewed and approved, including the roles and responsibilities
- Written policy or explanation as to how costs are determined to be reasonable, allocable, and allowable as a grant expenditure
- Literature describing the overall organization, which should include the research, extension, and teaching components
- Organizational chart for the University
- List (excel format) of Research and Extension employees that identifies to whom they report, and their classification



Examples of Support Requested by NIFA

- Detailed general ledger transaction support for selected grants
- Invoices, purchase orders/requisitions, expense reports, receipts, journal vouchers, and evidence of approvals
- Time and Effort reports and approvals
- Evidence of prior approvals



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Review Opportunities, Challenges and Findings



Opportunities

NIFA reviews have resulted in positive opportunities, including:

- At the end of the review, the Universities have the opportunity to showcase programmatic achievements to NIFA
- NIFA works collaboratively with Universities to resolve findings
- Frequently, NIFA finds that the University is already implementing corrective actions at the time the review starts
- NIFA is able to share best practices with the University
- University departments work together in supplying the supporting documentation and are proud of their proper financial oversight of activities.



Challenges

Common challenges that impact NIFA-sponsored programs:

- Capacity funding cannot receive the same treatment as revolving funds in the financial management system. All awards (including Capacity awards and matching funds) must be associated with their specific Federal award identification number and year, and period of performance, in the financial system. 2 CFR 200.302(b)(1).
- The same allowability, allocability and reasonableness criteria that apply to Federal funds, apply to matching funds. 2 CFR 200.306(b)(4).
- NIFA is sometimes unable to conclude that payroll allocations for staff members with split appointments are accurately charged to NIFA grants. Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. Support for allocation of effort for employee salaries (including matching funds) to various cost objectives is required to be documented. 2 CFR 200.430(i)(1).
- Salaries and wages of employees used in meeting matching requirements on Federal awards must be supported in the same manner as salaries and wages claimed for reimbursement from Federal awards. 2 CFR 200.430(i)(4).



Findings

Time & Effort (T&E) Reporting:

- NIFA is generally unable to conclude that payroll allocations for staff members with split appointments are accurately or inaccurately charged to NIFA grants.
- We look for support documentation or internal controls to validate charges are allocable, and not based on the original budget estimates.
- The more infrequent the certification, the more support documentation is required; i.e., some type of document/mechanism used by the employee, and reviewed by the certifier, that can assure NIFA that something other than the original budget estimate or an employee's memory is used to allocate payroll charges.
- A best practice in the area of T&E would be to establish policies for regular certification and T&E for all salaries, including those used as matching.

Other:

- Lack of segregation of capacity funds in the accounting system
- Federal and matching funds must be accounted for according to period of performance, through a unique fund, or subfund code.
- Capacity funds cannot be used as revolving funds.
- Annual awards are available for the period of performance designated on the award document, and they cannot be used to supplement prior or future awards.
- Capacity funds being used for indirect costs; Equipment Purchases that did not receive prior approval



Resources

- **NIFA Award Terms and Conditions.**

<https://www.nifa.usda.gov/grants/regulations-and-guidelines/terms-conditions>

- **NIFA's Federal Assistance Policy Guide.** Allowable costs begins on page 139. A handy reference tool, called the Allowable/Unallowable Costs Matrix begins on page 151.

https://www.nifa.usda.gov/sites/default/files/2023-08/2021%20Policy%20Guide%20-%20April%202021%20-%20Corr.%207.17.23_remediated.pdf

- **2 CFR Part 200** <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200?toc=1>

Code Of Federal Regulations (CFR):

- **7 CFR Part 3400 to 3499** - <https://www.ecfr.gov/current/title-7/subtitle-B/chapter-XXXIV>



Contact Us

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Questions???

Questions/comments/feedback:

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Subject line: Oversight Compliance Reviews



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<https://www.usda.gov/non-discrimination-statement>

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