

Audit of the U.S. National Science Foundation's Fiscal Years 2024 and 2023 Financial Statements

REPORT PREPARED BY KEARNEY & COMPANY, P.C.





At a Glance

Audit of the U.S. National Science Foundation's Years 2024 and 2023 Financial Statements

OIG 25-02-003 | November 13, 2024

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 2024 comparative financial statements. Kearney is responsible for the attached auditor's reports dated November 13, 2024, 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, 2024 and 2023. Per its Report on Internal Control over Financial Reporting, Kearney identified no material weaknesses; however, it did report one significant deficiency in internal control, which relates to NSF's Information System control environment. This issue is described in detail in the Schedule of Finding and Response. 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/2025/nsf25002/pdf/07_Chapter_2_Financials.pdf for Chapter 2, Financials, of NSF's 2024 Agency Financial Report (AFR), which includes the audit reports. The complete AFR can be found at: <https://www.nsf.gov/pubs/2025/nsf25002/index.jsp>.

RECOMMENDATIONS

Kearney made two recommendations to improve the access controls process across the three financial systems and one timekeeping system it tested.

AUDITEE RESPONSE

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



U.S. NATIONAL SCIENCE FOUNDATION
Office of Inspector General

MEMORANDUM

DATE: November 13, 2024

TO: Dr. Darío Gil
Chair
National Science Board

Dr. Sethuraman Panchanathan
Director
U.S. National Science Foundation

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

SUBJECT: Audit Report No. 25-02-003, *Audit of the U.S. National Science Foundation's Fiscal Years 2024 and 2023 Financial Statements*

This memorandum transmits the Kearney & Company, P.C.'s reports on its financial statement audit of the U.S. National Science Foundation (NSF) for FY 2024, which includes FY 2023 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, 2024, 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 24-02, *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 2024, 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, 2024 and 2023, 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; however, it did report one significant deficiency in internal control, which relates to NSF's Information System control environment.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 13, 2024, follows Kearney's reports.

Kearney is responsible for the attached auditor's reports dated November 13, 2024, 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, Inspections, and Evaluations at 703-292-7100 or OIGpublicaffairs@nsf.gov.

¹ A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

National Defense Authorization Act

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 within 30 days of the publication date of this report to OIGPL117-263@nsf.gov, no later than December 19, 2024. 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.

About Us

NSF OIG was established in 1989, in compliance with the *Inspector General Act of 1978* (5 USC 401-24). Our mission is to provide independent oversight of NSF to improve the effectiveness, efficiency, and economy of its programs and operations and to prevent and detect fraud, waste, and abuse.

Contact Us

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Follow us on X (formerly Twitter): twitter.com/nsfoig

Congressional, media, and general inquiries: OIGPublicAffairs@nsf.gov

Freedom of Information Act inquiries: FOIAOIG@nsf.gov

Report Fraud, Waste, or Abuse

Report violations of laws, rules, or regulations; mismanagement; and research misconduct involving NSF operations or programs via our Hotline:

- File online report: oig.nsf.gov/contact/hotline
- Anonymous Hotline: 1-800-428-2189
- Mail: 2415 Eisenhower Avenue, Alexandria, VA 22314 ATTN: OIG HOTLINE

Have a question about reporting fraud, waste, or abuse? Email OIG@nsf.gov.

Whistleblower Retaliation Information

All NSF employees, contractors, subcontractors, awardees, and subawardees are protected from retaliation for making a protected disclosure. If you believe you have been subject to retaliation for protected whistleblowing, or for additional information on whistleblower protections, please visit oig.nsf.gov/whistleblower.