



# OFFICE OF THE INSPECTOR GENERAL

U.S. NUCLEAR REGULATORY COMMISSION  
DEFENSE NUCLEAR FACILITIES SAFETY BOARD

## Audit of NRC's Grants Administration and Closeout

OIG-19-A-21

September 30, 2019



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**UNITED STATES**  
**NUCLEAR REGULATORY COMMISSION**  
WASHINGTON, D.C. 20555-0001

**OFFICE OF THE  
INSPECTOR GENERAL**

September 30, 2019

**MEMORANDUM TO:** Margaret M. Doane  
Executive Director for Operations

**FROM:** Dr. Brett M. Baker */RA/*  
Assistant Inspector General for Audits

**SUBJECT:** AUDIT OF NRC'S GRANTS ADMINISTRATION AND  
CLOSEOUT (OIG-19-A-21)

Attached is the Office of the Inspector General's (OIG) audit report titled *Audit of NRC's Grants Administration and Closeout*.

The report presents the results of the subject audit. Following the September 16, 2019, exit conference, agency staff indicated that they had no formal comments for inclusion in this report.

Please provide information on actions taken or planned on each of the recommendations within 30 calendar days of the date of this memorandum. Actions taken or planned are subject to OIG followup as stated in Management Directive 6.1.

We appreciate the cooperation extended to us by members of your staff during the audit. If you have any questions or comments about our report, please contact me at (301) 415-5915 or Vicki Foster, Team Leader, at (301) 415-5909.

Attachment: As stated



# Office of the Inspector General

U.S. Nuclear Regulatory Commission  
Defense Nuclear Facilities Safety Board

OIG-19-A-21

September 30, 2019

## Results in Brief

### Why We Did This Review

The Omnibus Appropriations Act of 2009 (the Act) established the Integrated University Program (IUP) between the Nuclear Regulatory Commission (NRC), Department of Energy (DOE), and the National Nuclear Security Administration (NNSA). The Act authorized the appropriation of \$45 million per year from Fiscal Year (FY) 2009 through FY 2019 with \$15 million for each agency. NRC, DOE, and NNSA independently manage their own portions of the IUP and communicate frequently to coordinate and avoid duplication.

NRC provides various types of grants to support educational institutions and research to facilitate the support of nuclear science and engineering. The NRC grants program from FY 2008 through FY 2018 comprised 488 grants and totaled roughly \$171.2 million.

The audit objectives were to determine whether (1) NRC's grant administration program complies with Federal regulations and agency guidance, employs sufficient internal control, and provides accountability over Federal funds through its policies and procedures, and (2) NRC's grant closeout program has employed policies and procedures to close out grants in a proper and timely manner.

### *Audit of NRC's Grants Administration and Closeout*

#### What We Found

NRC can strengthen its accountability over Federal grant funds by improving grant administration oversight and internal controls for closeout in the areas of monitoring, records maintenance, and timeliness. Specifically, NRC is not adequately fulfilling its grant oversight responsibilities regarding grant monitoring and records maintenance in the following areas:

- Reviewing performance and financial reports.
- Monitoring training completion.
- Processing ASAP refunds.
- Tracking student service agreement requirements.
- Maintaining STAQS grant files.

This happened because of outdated policies and procedures, and the need for knowledge management. Without assurance of adequate oversight of the grant program, the stewardship of Federal funds could be adversely affected in the areas of fund use, decision-making, and accountability.

Furthermore, staff do not close out grants in a timely manner. These conditions exist because (1) NRC's grant program has no staff dedicated solely to the closeout process, (2) guidance is outdated, and (3) staff has no plan in place to address grants overdue for closeout. As a result, NRC is out of compliance with Federal regulations and agency guidance.

#### What We Recommend

This report makes nine recommendations to improve oversight of grant administration and closeout. Agency management stated their general agreement with the findings and recommendations in this report.

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## ABBREVIATIONS AND ACRONYMS

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ACM	Acquisition Career Manager
ADM	Office of Administration
AMD	Acquisition Management Division
ASAP	Automated Standard Application for Payment
CFR	Code of Federal Regulations
DOE	Department of Energy
FAIMIS	Financial Accounting and Integrated Management Information System
FAITAS	Federal Acquisition Institute Training Application System
FFR	Federal Financial Report
FTE	Full-Time Equivalent
FY	Fiscal Year
GPA	Grade Point Average
IUP	Integrated University Program
MD	Management Directive
NEAT	NRC Enterprise Acquisition Toolset
NNSA	National Nuclear Security Administration
NRC	Nuclear Regulatory Commission
OGC	Office of the General Counsel
OIG	Office of the Inspector General
OMB	Office of Management and Budget
POP	Period of Performance

PPR	Performance Progress Reports
RES	Office of Nuclear Regulatory Research
SBCR	Office of Small Business and Civil Rights
STAQS	Strategic Acquisition System

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## I. BACKGROUND

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### **Integrated University Program**

The Omnibus Appropriations Act of 2009 (the Act) established the Integrated University Program (IUP) between the Nuclear Regulatory Commission (NRC), Department of Energy (DOE), and the National Nuclear Security Administration (NNSA). These three organizations share mutual goals and objectives regarding support of university research and development, nuclear science and engineering programs.

The Act authorized

- The appropriation of \$45 million per year from Fiscal Year (FY) 2009 through FY 2019 with \$15 million for each agency.
- \$10 million is to be used by each organization to support university research and development areas relevant to their respective organization's mission.
- \$5 million is to be used by each organization to support a jointly implemented Nuclear Science and Engineering Grant Program that will support multiyear research projects that do not align with programmatic missions but are critical to maintain the discipline of nuclear science and engineering.

NRC, DOE, and NNSA independently manage their own portions of the IUP and communicate frequently to coordinate and avoid duplication.

### **Types and Number of NRC Grants**

NRC provides various types of grants to support educational institutions and research to facilitate the support of nuclear science and engineering. NRC's IUP encompasses the following types of grants:

- Scholarships
- Fellowships

- Faculty Development
- Trade School and Community College Scholarships

NRC also provides research financial assistance program grants which fund organizations that propose to conduct independent experiments and analyses, develop technical basis for supporting realistic safety decisions, and evaluate safety issues involving current and new designs and technologies.

Combined, the NRC grants program from FY 2008 through FY 2018 comprised 488 grants and totaled roughly \$171.2 million. NRC dedicates three full-time equivalent employees to grant administration and closeout.

### **NRC Offices Involved in the Grants Process**

Four NRC offices have roles and responsibilities for grant administration and closeout.

The Office of Administration (ADM), specifically the Acquisition Management Division (AMD), provides support in awarding, administering, and closing NRC grants. Grant officers are responsible for (1) negotiating with prospective grantees before awarding the grant, (2) performing modifications, (3) monitoring the Federal financial reports (FFR) received from grantees, and (4) conducting final closeout of grants.

Grant specialists are responsible for (1) reviewing grant proposals to ensure conformance with Title 2 Code of Federal Regulations (2 CFR 200), *Grants and Agreements*, Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards"; (2) managing the day-to-day details after grant award; (3) managing the funding opportunity announcements; (4) managing budgeting and results reporting; and (5) reviewing grantee final reports.

Office of Nuclear Regulatory Research (RES) grant specialists perform the day-to-day administration of grants. They communicate with the grantee, answer questions, and monitor performance progress reports (PPR) provided by the grantee.

The Office of Small Business and Civil Rights (SBCR) manages existing minority serving institution grants.<sup>1</sup> SBCR staff also lead the agency's compliance efforts to ensure fair and equitable treatment in Federal financially assisted programs and activities, as well as ensure potential grantees comply with Federal civil rights requirements.

The Office of the General Counsel (OGC) reviews grant applications to determine compliance with the terms of the Funding Opportunity Announcement and to ensure awards to grantees do not give rise to conflicts of interest.

### **Systems Used in the Grants Process**

The Financial Accounting and Integrated Management Information System (FAIMIS) is the central repository for all NRC financial transactions and data. FAIMIS is NRC's core financial management system that supports all financial functions and provides agency compliance with Federal proprietary and budgetary accounting and financial reporting requirements. FAIMIS is used to track grant funding.

The Automated Standard Application for Payment (ASAP) system is an all-electronic payment and information system developed by the U.S. Department of the Treasury's Financial Management Service. Grantee organizations receiving Federal funds can draw from ASAP accounts pre-authorized by NRC.

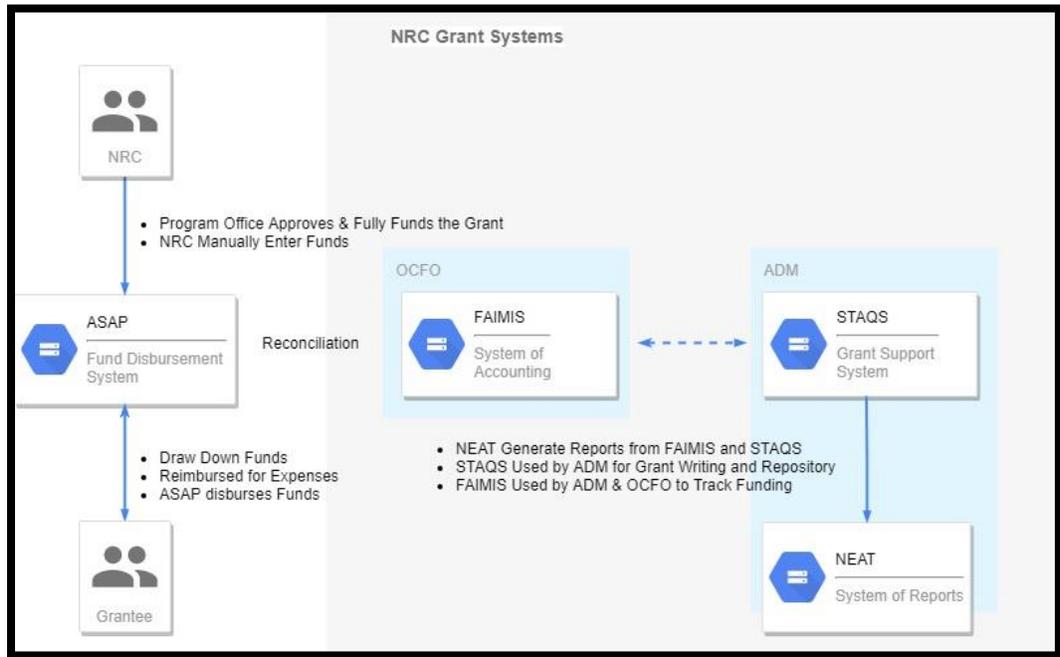
The Strategic Acquisition System (STAQS) is the system used by AMD to track all contracts and grants. STAQS is the official repository for grant administration and closeout documentation.

The NRC Enterprise Acquisition Toolset (NEAT) is NRC's central electronic location for acquisition information. During the grants administration and closeout phases, NEAT provides resources such as checklists, reports, templates, guidance, and policy.

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<sup>1</sup> These types of grants are no longer being newly awarded by NRC because of Project Aim, an effort within NRC to fulfill its safety and security mission while improving its efficiency, effectiveness and agility.

**Figure 1. Systems Used in the Grants Process**



Source: OIG-generated based on information learned during this audit.

**Guidance Used in the Grants Process**

NRC uses three main sources of guidance during the grants administration and closeout process. First, 2 CFR 200 contains the uniform guidance that streamlines and consolidates Government requirements for receiving and using Federal awards to reduce administrative burden and improve outcomes. Second, the U.S. Office of Management and Budget (OMB) has issued instructions to assist agencies with their grants programs. Third, NRC has guidance that is used for implementing OMB instructions.

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## II. OBJECTIVES

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The audit objectives were to determine whether (1) NRC's grant administration program complies with Federal regulations and agency guidance, employs sufficient internal control, and provides accountability over Federal funds through its policies and procedures, and (2) NRC's grant closeout program has employed policies and procedures to close out grants in a proper and timely manner. The report appendix contains information on the audit scope and methodology.

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## III. FINDINGS

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NRC can strengthen its accountability over Federal grant funds by improving grant administration oversight and internal controls for closeout, specifically in the areas of monitoring, records maintenance, and timeliness.

### **A. Grant Administration Oversight Needs Strengthened Monitoring and Records Maintenance**

NRC's oversight of grant administration needs strengthening, specifically in the areas of monitoring and records management. Federal regulations and NRC policies and procedures provide grant oversight guidance. However, NRC is not adequately fulfilling its grant oversight responsibilities. This happened because of outdated policies and procedures, and the need for knowledge management. Without assurance of adequate oversight of the grant program, the stewardship of Federal funds could be adversely affected in the areas of fund use, decision-making, and accountability.

## What Is Required

### Federal and Agency Guidance

Federal regulations and NRC policies and procedures provide guidance for grant oversight.

#### Federal Regulations

The uniform guidance in 2 CFR 200, Subpart D – *Post Award Requirements*, provide that the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. It also provides that performance and financial reports are required from the non-Federal entity with the frequency required by the terms and conditions of the Federal award, but not less than annually or more than quarterly.

The uniform guidance also provides that financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of 3 years from the date of submission of the final expenditure report.

According to the Government Accountability Office's *Standards for Internal Control in the Federal Government*, agency management is responsible for developing control activities, such as, the detailed policies, procedures, and practices that fit their agency's operations and to ensure that the control activities are built into and are an integral part of operations.

Control activities are the policies, procedures, techniques, and mechanisms that help enforce management directives. Control activities also help ensure that actions are taken to address risks. Furthermore, management should establish and operate monitoring activities to monitor the internal control system and evaluate the results, as well as, remediate identified internal control deficiencies on a timely basis.

## NRC Guidance

The *Grants Management Certification and Training Program* applies to incumbents of NRC positions who solicit, award, administer, monitor performance, or develop policies and procedures for the management of Federal grants. Grant officers, grants specialists, and grants project managers are required to complete four core courses to be certified to perform these roles. Each of these positions also require 16 hours of continuing professional education every 2 years to maintain certification.

An associated student service agreement stipulates the student's academic and employment obligations after receiving a grant. The student service agreement states that the student's obligations are to maintain satisfactory academic progress and to serve 6 months in nuclear-related employment for each partial or full year of academic support. The student's nuclear-related employment obligation begins upon completion of the degree or certificate program. If the student receives no employment offers, a waiver can be requested from NRC.

Management Directive (MD) 11.6, *Financial Assistance Program* identifies the roles and responsibilities of individuals in the grants program. MD 11.6 also provides guidance for establishing, processing, and closeout of grants.

## ***What We Found***

### **Inadequate Monitoring and Records Maintenance**

NRC is not adequately fulfilling its grant oversight responsibilities regarding grant monitoring and records maintenance in the following areas:

- Reviewing performance and financial reports.
- Monitoring training completion.
- Processing ASAP refunds.

- Tracking student service agreement requirements.
- Maintaining STAQS grant files.

#### Inadequate Report Review

The PPRs and FFRs provided periodically by grantees are not adequately monitored.

NRC reviewers do not compare PPRs to FFRs to validate progress to expenses, nor do they compare the reports to award documentation to confirm that requirements of the grant award are being met.

#### Unmet Training Requirements

The agency is not fully compliant with *NRC's Grant Management Certification and Training Program* guidance. Grant management professionals did not fully complete the required core courses or continuing education requirements. OIG auditors obtained the FY 18 and FY 17 grant training records for grants staff, including grants officers and program managers, as of September 30, 2018. Of the seven grant professionals reviewed, three did not complete the required core courses, and six did not complete the required hours of continuing education within the required 2-year time interval.

#### Inaccurate Processing of ASAP Refunds Raises Grant Ceiling

Funds returned to NRC using ASAP inaccurately show that the grant ceiling amount was increased. In one instance, a grantee realized that it had withdrawn money from the wrong grant account in ASAP. The grantee coordinated with NRC to resolve the issue, and the funds were returned to NRC via a check. However, when NRC returned the funds to ASAP, the credit function was not utilized making it appear that the ceiling amount for the grant was increased, when in fact it was not. Appropriate ASAP training would help mitigate the risk of inadvertently raising the grant ceiling amount.

#### Inadequate Student Service Agreement Tracking

NRC staff informally track the student service agreement requirements using an Excel spreadsheet. Program officers gather information from the

performance progress reports, such as the number of students who received NRC's Federal grant funds, their respective graduation dates, and whether grant recipients obtained employment in a nuclear related field after graduation. As of January 2019, the spreadsheet record shows 167 students who have indicators that they may be obligated to repay funds to NRC.

Potential unfulfilled service obligations have not been verified by NRC. Specifically, 36 students are identified as withdrawn from school which would trigger a total refund of \$213,932 to NRC; however, RES project officers did not contact each student to determine if the information provided by the grantee in their PPR is correct. In addition, NRC does not ensure that students, school officials, and NRC officials sign the student service agreement before funds are disbursed.

#### Incomplete STAQS Grant Files

The agency is transitioning from paper to electronic storage; however, STAQS electronic grant files are missing basic information. OIG auditors randomly selected 12 STAQS electronic grant files to review.

Results of our review follow:

- 12 of 12 were missing 1 or more award documents.<sup>2</sup>
- 4 of 10 were missing 1 or more modification documents.
- 9 of 12 were missing 1 or more financial reports.
- 8 of 12 were missing 1 or more performance reports.
- 6 of 6 were missing 1 or more student service agreements.

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<sup>2</sup> OIG searched for the following grant award documents: the award letter, funding opportunity announcement (FOA), OGC review document, SBCR review document, and A-133 review document.

## ***Why This Occurred***

### **Grant Oversight Can Be Strengthened With Improvements to Guidance and Knowledge Management**

#### Inadequate NRC Guidance

NRC's guidance related to grant administration is not adequate. Opportunities for improvement were noted in the guidance for (1) documenting completed grants training (2) student service agreements, and (3) grant file maintenance.

#### Lack of Procedures for Documenting Training

Procedures for documenting completed grant management training is not included in NRC grant certification and training guidance. According to an email from agency officials,

“It is the responsibility of the employee to enter their training and continuous learning requests into FAITAS.<sup>3</sup> The employee's supervisor reviews each request and approves it. The Acquisition Career Manager (ACM) only reviews achievement requests. An achievement request is either the request for a new certification or renewal of an existing certification. The ACM will review the courses taken to ensure they meet the requirements of the certification program or are acceptable continuous learning points to maintain their certification after the achievement request has been reviewed and approved by the employee's supervisor.”

However, these responsibilities are not articulated in the grant certification and training program guidance.

#### Lack of Procedures for Monitoring Student Service Agreements

NRC lacks procedures for monitoring student service agreements.

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<sup>3</sup> Federal Acquisition Institute Training Application System (FAITAS) is the system of record for all Federal civilian acquisition certification programs.

NRC does not have a formal procedure for monitoring student service agreements that holds students accountable to either abide by the requirements of the agreement, request a waiver, or repay the Federal grant money provided by NRC. Additionally, NRC does not have a policy in place for processing recaptured funds. NRC staff noted options on how to process the returned funds back to the grants program or back to the grantee. Lastly, since NRC does not have a required timeframe by which a student needs to obtain nuclear related employment or request a waiver, NRC could potentially bear the burden of tracking the student indefinitely.

#### Generic Guidance for Grant File Maintenance

NRC guidance provides only generic instructions for what needs to be in NRC's grant files and the timeframe for maintaining it. However, NRC guidance does not specify the documents required to be maintained by NRC, including, but not limited to, the FFR, PPR and awarding documents.

The uniform guidance states, "Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of 3 years from the date of submission of the final expenditure report." In addition, MD 11.6 states that AMD maintains the official grant or cooperative agreement file and that the NRC grants officer ensures that all materials are properly placed and maintained in that file and documents contained in the hard copy file are also electronically captured in the current electronic system being used by AMD. Despite these instructions, a more detailed checklist of the documents that NRC must maintain will provide more robust grants file maintenance.

#### Inadequate Knowledge Management

NRC's knowledge management practices related to grants administration are not adequate. Opportunities exist for improvements to desk procedures, knowledge of ASAP tools, coordinated report review and grant duty accountability.

### Desk Procedures for Intermittent Grant Staff

NRC does not have desk procedures for grant officers, grant specialists or project managers with instructions for completing their respective tasks. There are few FTE in the grants program, therefore, other employees from AMD help with grant tasks when there is a need. It is important to have desk procedures so grant tasks can be completed consistently and accurately.

### Inadequate Knowledge of Using ASAP Tools

NRC staff do not fully utilize all the features in ASAP, specifically, NRC staff does not use the credit function. Not using this function results in refunds increasing the balance in ASAP through adjustments and misrepresenting the correct ceiling amount.

### Review of Performance and Financial Reports Not Coordinated

The agency does not coordinate the reviews of PPRs and FFRs during the grant period of performance. Grant Specialists review the performance reports throughout the grant period of performance while the grant officer reviews the financial reports. Both review the final financial reports.

### No Accountability for Grants Duties

Grants duties are often a collateral duty and NRC staff who perform grant duties are not held accountable for those actions. The grants officer and project officers do not have grant duties as an element to rate their performance. These duties are not included in the elements and standards used to annually rate their performance.

## ***Why This Is Important***

### **Stewardship of Federal Grant Funds Could Be Adversely Affected**

Without assurance of adequate oversight of the grants program, the stewardship of Federal funds could be adversely affected in the areas of fund use, decision-making, and accountability. For example, when

students withdraw from nuclear science programs and the funds are not recaptured by NRC, the funds are not used for their intended purpose. Further, decision makers cannot make fully informed decisions about managing grants. Moreover, grants staff are not held accountable for the work they perform.

### **Recommendations**

OIG recommends that the Executive Director for Operations

1. Update the *Grants Management Certification and Training Program* guidance to include (1) instructions for recording completed training, (2) management's responsibility for monitoring training, and (3) the addition of ASAP training as a core course for grant management professionals.
2. Develop and implement a formal process for monitoring student service agreement requirements and associated awarded funds, from FY 2015 forward. The process should include, but not be limited to (1) how to process grant funds that are recaptured or returned to NRC because of withdrawal from school, GPA lower than required, non-nuclear employment, or other unmet requirements, and (2) a timeframe by which students are required to obtain employment in a nuclear field after graduation.
3. Continue and finalize the transition to electronic files implementing a checklist for completeness.
4. Implement knowledge management procedures such as maintaining an accurate succession planning document and desk procedures for grant functions.
5. Coordinate the review of performance progress reports and Federal financial reports.
6. Increase accountability for grant functions by adding grant duties to performance elements and standards.

## **B. Grant Closeout is Not Timely**

Federal regulations and NRC guidance provide grant closeout requirements. However, staff do not close out grants in a timely manner. These conditions exist because (1) NRC's grant program has no staff dedicated solely to the closeout process, (2) guidance is outdated, and (3) staff has no plan in place to address grants overdue for closeout. As a result, NRC is out of compliance with Federal regulations and agency guidance.

### ***What Is Required***

#### **Federal and NRC Grant Closeout Guidance**

Federal guidance provides specific timelines for grant closeout. The uniform guidance at 2 CFR 200.343 states that the non-Federal entity must submit, no later than 90 calendar days after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the Federal award. In addition, non-Federal entities must liquidate all obligations incurred under the Federal award not later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award. The Federal awarding agency or pass-through entity should complete all closeout actions for Federal awards no later than one year after receipt and acceptance of all required final reports. In summary, NRC has 15 months to closeout grants after the end date of the period of performance.

NRC guidance also provides specific timelines for grant closeout. MD 11.6 states the grantee has 90 days to invoice or access payments from NRC. After 90 days, the closeout process begins. The closeout process includes the recipient submitting final reports which are reviewed by both the grant officers and the project officer, excess funds being deobligated, and finally, grant close out.

## ***What We Found***

### **Grant Closeout is Not Timely or Consistent**

NRC's expired grants are not closed out in a timely manner. OIG auditors analyzed grants that expired in FY 2016, 2017, and 2018 that were 90 days or more past their period of performance (POP) end date but not closed. Of the 107 grants analyzed, 51 grants were not closed out within the required 15-month timeframe. As of April 4, 2019, there was \$239,154 awaiting deobligation.

Prior to 2017, when a recipient was selected for a grant award and had an existing grant with the NRC, the agency modified the existing grant to increase the total estimated amount instead of issuing a new grant. This resulted in two different grants, under the same grant number and same ASAP account, with different POP end dates.

## ***Why This Occurred***

### **Inadequate Oversight**

These conditions exist because NRC lacks adequate oversight of the grants program. There is no staff dedicated solely to the closeout process, guidance is outdated, and there is no plan to address grants overdue for closeout.

#### **Staffing**

Grant closeout is a collateral duty for grant staff. Management officials stated that grant staff have higher priority functions in ADM and they do not have enough resources to have one person perform closeouts as their sole job duty. When there is a need, other staff from AMD help perform grant duties.

## Outdated Guidance

MD 11.6, approved on July 28, 2017, is outdated. It states,

“In cases where a recipient is selected for a grant award and has an existing grant with the NRC, the agency may, at its discretion, choose to modify the existing grant and increase the total estimated amount instead of issuing a new grant. This approach would serve to (1) create significant efficiencies in reporting and (2) streamline the grant administration process for both the recipient and the NRC.”

However, management officials stated that this type of amendment is no longer used at NRC.

## No Plan

The agency has no formal plan in place for closing out expired contracts that are 15 months or more past the end date of their period of performance.

## *Why This Is Important*

### **NRC Is Out of Compliance With Federal Regulations and Agency Guidance**

NRC is not compliant with Federal regulations and agency guidance because expired grants were not closed out within the required 15-month timeframe. As of April 4, 2019, there are 51 expired grants beyond the 15-month timeframe with \$239,154 awaiting closeout.

### **Recommendations**

OIG recommends that the Executive Director for Operations

7. Train all employees who perform grant duties on closeout processes in the computerized grants management systems, including proper completion

of the grant closeout checklist, management monitoring of checklist use, and evaluation of results.

8. Develop interim guidance to eliminate existing guidance in MD 11.6 concerning issuance of modifications in lieu of new grants.
9. Develop and implement a grants closeout plan to include:
  - a. Measurable metrics for deobligation of funds.
  - b. Procedures for identifying and closing expired grants.
  - c. Method(s) to address closing grants with modifications that have period of performance end dates that are different than the original grant.

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## IV. CONSOLIDATED LIST OF RECOMMENDATIONS

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OIG recommends that the Executive Director for Operations

1. Update the Grants Management Certification and Training Program guidance to include: (1) instructions for recording completed training, (2) management's responsibility for monitoring training, and (3) the addition of ASAP training as a core course for grant management professionals.
2. Develop and implement a formal process for monitoring student service agreement requirements and associated awarded funds, from FY 2015 forward. The process should include, but not be limited to: (1) how to process grant funds that are recaptured or returned to NRC because of withdrawal from school, GPA lower than required, non-nuclear employment, or other unmet requirements; and (2) a timeframe by which students are required to obtain employment in a nuclear field after graduation.
3. Continue and finalize the transition to electronic files implementing a checklist for completeness.
4. Implement knowledge management procedures such as maintaining an accurate succession planning document and desk procedures for grant functions.
5. Coordinate the review of performance progress reports and Federal financial reports.
6. Increase accountability for grant functions by adding grant duties to performance elements and standards.
7. Train all employees who perform grant duties on closeout processes in the computerized grants management systems, including proper completion of the grant closeout checklist, management monitoring of checklist use, and evaluation of results.
8. Develop interim guidance to eliminate existing guidance in MD 11.6 concerning issuance of modifications in lieu of new grants.

9. Develop and implement a grants closeout plan to include:
  - a. Measurable metrics for deobligation of funds.
  - b. Procedures for identifying and closing expired grants.
  - c. Method(s) to address closing grants with modifications that have period of performance end dates that are different than the original grant.

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## **V. AGENCY COMMENTS**

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An exit conference was held with the agency on September 16, 2019. Prior to this meeting, agency management reviewed a discussion draft and provided comments that have been incorporated into this report, as appropriate. Agency management stated their general agreement with the findings and recommendations and opted not to provide formal comments for inclusion in this report.

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## OBJECTIVES, SCOPE, AND METHODOLOGY

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### Objectives

The audit objectives were to determine whether NRC's: (1) grant administration program complies with Federal regulations and agency guidance, employs sufficient internal control, and provides accountability over Federal funds through its policies and procedures; and (2) grant closeout program has employed policies and procedures to closeout grants in a proper and timely manner.

### Scope

The audit focused on assessing 488 grants obligating \$171.2 million that NRC awarded in FYs 2008 through 2018. OIG conducted this performance audit from October 2018 through May 2019 at NRC headquarters in Rockville, Maryland. OIG visited four grantees located in Maryland, Pennsylvania, Louisiana, and Florida. During that time, internal controls related to the audit objectives were reviewed and analyzed.

### Methodology

To accomplish the audit objective, OIG reviewed relevant laws, regulations, and guidance for this audit, including:

- The uniform guidance 2 CFR 200, Title 2 *Grants and Agreements*
- NRC's Management Directive and Handbook 11.6, *Financial Assistance Program*
- OMB Circular No. A-123, *Management Responsibility for Enterprise Risk Management and Internal Control*
- GAO Reports GAO-08-432, *Attention Needed to Address Undisbursed Balances in Expired Grant Accounts* and GAO-18-676T, *Observations on Challenges and Opportunities for Reform*
- GAO's *Standards for Internal Control in the Federal Government*

OIG interviewed NRC staff from the Office of Administration, the Office of Nuclear Regulatory Research, the Office of the Chief Financial Officer, and the Office of Small Business and Civil Rights.

OIG also conducted four site visits to interview staff from organizations outside of NRC including the College of Southern Maryland, Pennsylvania State University, University of Florida, and Louisiana State University.

OIG conducted focused reviews and transaction testing of specific grant files from each of these grant recipient organizations. We also conducted interviews and follow-up question sessions with Principal Investigators and other staff involved with management of NRC grants.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Throughout the audit, auditors considered the possibility of fraud, waste, and abuse in the program.

The audit was conducted by Vicki Foster, Team Leader; Eric Rivera, Team Leader; Timothy Nelson, Audit Manager; Terri Cooper, Audit Manager; Felicia Silver, Audit Manager; Gail F.P. Butler, Senior Auditor; George Gusack, Senior Auditor; Curtis Browne, Auditor; and William Chung, Auditor.

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## TO REPORT FRAUD, WASTE, OR ABUSE

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### Please Contact:

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TTY/TDD: 7-1-1, or 1-800-201-7165

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Office of the Inspector General  
Hotline Program  
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## COMMENTS AND SUGGESTIONS

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If you wish to provide comments on this report, please email OIG using this [link](#).

In addition, if you have suggestions for future OIG audits, please provide them using this [link](#).