

Proposed Action Plans to Resolve 2023 Desk Review Findings

Botanical Society of America
Submitted 5/3/2023

Finding #1:

As a result of a 2017 advanced monitoring site visit, NSF recommended that BSA update its policy and procedures for subrecipient monitoring to add greater details on how pre-award risk assessments will be performed, what will be considered, and how the risk assessments will be documented. NSF further recommended that BSA also update its written policy and procedures to reflect and comply with 2 CFR 200 requirements for subaward monitoring, to include documentation verifying debarment and suspension status prior to entering into agreements with subrecipients, and adherence to its written policy and procedures to check for and document the Single Audit reports/financial statements of subrecipients that expend \$750K or more in federal funding within a fiscal year. Further, NSF noted that references in the BSA subaward monitoring policy should be updated throughout to reflect 2 CFR 200.330-332 and Appendix II for all awards made after December 26, 2014. Further, NSF recommended that BSA's subaward agreements be modified to include the award terms and conditions of the prime award by link or attachment. Desk review update - BSA provided a copy of its Sub Recipient Monitoring Policy which contains some information on its risk assessment practices. However, that guidance does not describe how BSA differentiates between a high risk vs. a low risk subrecipient, which monitoring tools and approaches it has developed, or how it determines which tool/approach to use. In its January 20, 2023 email response to our questions, BSA provided a significant amount of clarifying information that, if finalized and incorporated into its guidance, would resolve much of the concern.

Proposed Action Plan and Timeline to Resolve Finding #1

The BSA's existing policy, copied below (in black), was revised after the 2017 advanced monitoring site visit to address the 2017 findings. To address the current noted concerns, we propose adding new text (highlighted in yellow to 1) clarify how BSA differentiates between high-risk and low-risk subrecipients and 2) how BSA determines which monitoring tools or approaches to use for high-risk subrecipients.

Our full policy related to subawards is available here:

<https://botany.org/home/governance/policies.html#XVI-9>

Part 9. sub-recipient monitoring – As a condition of its acceptance of funding from sponsors, the Society is obligated in its role as primary recipient to undertake certain stewardship activities as

well as comply with federal, state and local regulations. In addition, the Society is obligated to follow the subaward monitoring guidance provided in 2 CFR 200.330-332 and Appendix II for all awards made after December 26, 2014. When the Society assigns responsibility for conducting a portion of the work sponsored by an award to a subrecipient, it remains responsible to the sponsor for management of funds and meeting performance goals. Thus, the monitoring of technical and financial activities associated with a subrecipient is an integral part of the Society's stewardship of sponsor funds. This policy applies to all subawards issued under sponsored awards made to the Society and without regard to the primary source of funding.

This policy seeks to:

- § promote stewardship of funds used to pay subrecipient organizations;
- § promote appropriate unit-level and individual responsibility and accountability for contractual subrecipient relationships;
- § promote compliance with federal, state, and other legal requirements related to subrecipient monitoring; and
- § ensure that the Society and its sponsors receive value for funds expended.

This policy does not apply to consultant agreements or procurements of goods or services from vendors.

The Society monitors the programmatic and financial activities of its subrecipients in order to ensure:

- § proper stewardship of sponsor funds;
- § that performance goals (scope of work or specific aims) are achieved;
- § The terms of the subrecipient relationship shall be documented in a negotiated agreement for the Society by the Executive Director, PI and Administrations Officer and by the authorized representative(s) of the recipient organization.

Compliance with the terms and conditions of all agreements will be monitored during the life of the agreement. When a Principal Investigator has an interest in or a relationship with the subrecipient entity, it shall be disclosed and, where appropriate, managed by the Society's [Conflict of Interest policy](#). Principal Investigators must request and document review of single audit reports/financial statements of subrecipients that expend \$750,000 or more in federal funding within a fiscal year.

Definitions

Subrecipient means a non-Federal entity that expends Federal awards received from a pass-through entity to carry out a Federal program, but does not include an individual that is a beneficiary of such a program. The term may include not-for-profit corporations, institutions of higher education, for-profit corporation and foreign or international organizations (such as agencies of the United Nations) at the discretion of the Federal awarding agency. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency. It is assigned to the legal entity to which a subaward is made and which is accountable to the Society for the use of the funds provided in carrying out a portion of the its programmatic effort under the sponsored project.

A subaward (also referred to as a subgrant if the prime award is a grant or subcontract if the prime award is a contract) is financial support from the Society to a qualified organization for the performance of a substantive portion of a program funded under the prime award. The term also

includes awards made by a subrecipient to a lower tier subrecipient. It does not include procurement of goods and services funded by a prime award, i.e., vendors are not considered subrecipients.

Authorization for SubAwards

The Society must receive approval from sponsors/federal agencies before entering into a subaward agreement.

Applicants preparing federal grant proposals involving subrecipients must clearly identify the activities they will conduct as the pass-through entity and the activities that the subrecipients will conduct in the application narrative, work plan, budget, and budget justification. The Society must submit a separate budget and budget justification itemizing costs for each subrecipient.

If a subaward was not identified and approved by the federal agency or sponsor as part of the original award application and budget, the Society through the PI or Executive Director must request prior written approval from the sponsor. This approval will be maintained on file by the Society's Finance Manager for three years from the date of submission of the final expenditure report.

Pre-Qualification and Risk Assessment of Subrecipients

The PI will complete and the Executive Director will approve the Subaward Notification, Preaward Approval and Subrecipient Risk Assessment Checklist prior to entering into agreements with subrecipients. This Checklist will be used to document debarment and suspension status and confirm the inclusion of a checklist of items required in subrecipient agreements. The Society will assess the subrecipient organization's financial status and internal controls to determine if a particular subawardee is considered high-risk or low-risk. Organizations will be considered low-risk if they regularly receive a Single Audit and past audits have not reported findings that would indicate a higher risk level (i.e. specific deficiencies in grant management relevant to the subaward activities or budget). Other considerations when determining risk (if the organization does not regularly receive a Single Audit) include whether the organization has prior experience as primary recipient of NSF or NIH funds, and/or similar subawards, and if the organization has established systems for grant management. The society will establish terms and conditions in the subrecipient agreement consistent with the level of perceived risk. Additional monitoring requirements will be required for high-risk subrecipients, which will be documented on the SubAward Notification, PreAward Approval and Subrecipient Risk Assessment Checklist and included in agreements with subrecipients.

The PI (or Co-PI if the PI is part of a subaward) will perform the following stewardship activities annually with regard to subrecipients of its sponsored awards. Refer to Sub-Recipient Monitoring Report for template for documenting this stewardship annually. The Sub-Recipient Monitoring Report will be reviewed and approved by the Executive Director.

1. The Society will identify and recommend the means to eliminate or manage any conflict of interest arising from a proposed subaward by the Society to an entity in which it or a board member, committee member, acting member or staff member has a financial interest or fiduciary relationship.

2. Advise subrecipients of requirements (including but not limited to financial and non-financial reporting) imposed on them by federal laws, regulations of the flow-down provisions of the prime contract or grant agreement and any supplemental requirements imposed by the Society dependent on the assessed level of risk.
3. The Society will provide the best information available to describe a federal award to each subrecipient including the [Catalog of Federal Domestic Assistance](#) (CFDA) title and number, award name and number, award year, the type of award, and the name of the federal sponsor as required by [2 CFR 200](#).
4. Monitor the costs and activities of subrecipients as appropriate, to confirm that funding provided to the subrecipient is used for purposes authorized in the negotiated agreement and that performance goals (scope of work or specific aims) articulated in the scope of work are achieved.
5. Confirm that subrecipients expending \$750,000 or more in federal awards during the subrecipient's fiscal year are compliant with 2 CFR 200 requirements. **Require submission of a subrecipient's single audit annually, if the subrecipient met the requirements for a single audit.** Identify any material weaknesses or reportable conditions that result from the audit. Upon receipt of an unfavorable audit report from a subrecipient, the Society will confirm that the subrecipient has taken appropriate and timely corrective action. If a material weakness or other reportable condition exists, monitoring of the subrecipient will be more frequent and management actions will be taken as appropriate. **PI will document the review of single audit reports and any issues that need to be monitored, addressed, or management actions taken in the [Sub-Recipient Monitoring Report](#).**
6. Consider whether subrecipient audits necessitate adjustment of the Societies financial records.
7. Require each subrecipient to permit the sponsor and/or the Society and its auditors to have access to the subrecipient's pertinent records and financial statements, as necessary. Where it is not possible to obtain this access, alternate solutions may be devised but generally would require the approval of the primary sponsor.

Additional Monitoring Requirements for High-Risk Subawardee Organizations

Subrecipient Organizations determined to be High-Risk will require additional monitoring beyond our standard [Sub-Recipient Monitoring Report](#). The nature of the additional monitoring will depend on how the organization is considered high-risk. For organizations with specific findings in their Single Audit, additional monitoring would involve ensuring that the findings do not affect the proposed grant and specific follow-up on whatever system was considered insufficient during the audit to make sure it has been addressed prior to or upon award. Organizations that do not have established systems for grant management will require submission of additional documentation to confirm the grants are managed according to NSF policies, and according to details of the subaward budget, as well as an annual meeting with the organization's financial officers to discuss grant management practices. Appropriate additional monitoring for high-risk subawardees will also depend on the nature of the subaward budget. Depending on what the specific subawardee budget contains (participant costs,

personnel time, expense reimbursement, etc), this could include requesting more detailed documentation of and written justification for particular expenses (confirming how each expense is allocable, allowable, and reasonable) , including detailed records related to time and activity for each employee involved with the subaward, providing details about how indirect costs were calculated, etc.

For every high-risk subawardee we will make a determination of the specific areas of risk based on the risk-assessment checklist and then develop ways to monitor that would mitigate that risk, documenting the additional tool/checklist/language in the contract necessary in the “describe additional monitoring needed here” section of the pre-award assessment document. Any additional tools developed for high-risk monitoring will be referenced and documented as an attachment in the Sub-Recipient Monitoring Report, which is completed annually.

Finding #2:

Although the Botanical Society of America (BSA) articulated the roles and responsibilities for individuals and departments involved in award administration, the roles and responsibilities for personnel involved in pre-award, post-award, and grants accounting have not been documented in writing. In the absence of formally documented guidance, BSA employees may not have a shared understanding of their roles and responsibilities or where to go for assistance, which may lead to inconsistent award administration.

Proposed Action Plan and Timeline to Resolve Finding #2:

We will add this **NEW** Section on Roles & Responsibilities, along with the included chart to our BSA Policies document under XIV. Grant Management.

Board of Directors

Pre-Award activities: BSA requires that the Board of Directors will review and approve all grant proposals including proposals for continuing current awards. The Board reviews and ensures that grant proposals are in alignment with BSA strategic priorities, that BSA staff has the capacity to administer the administrative and programmatic elements required, and that continuation of the project or program after the grant period ends has been given realistic consideration. The Board together with the Executive Director selects PIs for grant proposals.

Post-Award activities: The Board has oversight as fiduciaries of award funds and when a single audit is required, the Board is responsible for selecting an auditor and approval of the final audit report. The Board of Directors has delegated the authority to accept awards and award amendments to the Executive Director.

Principal Investigators

Principal Investigators (PIs) are responsible for conducting all grant-related activity throughout the duration of the award life including pre-award and post-award activities as delineated in the award agreement or letter.

Pre-Award activities held responsible by the PIs include: identifying grant opportunities, planning for grant acquisition, preparation and submission of grant proposals including proposals for continuing current awards, and grant writing.

Post-Award activities held responsible by the PIs include: preparing & submitting budget revision requests, managing grant programs and projects, annual sub-recipient monitoring, reviewing and submitting reports to agencies, ensuring compliance with federal regulations, approving and monitoring grant spending, and properly closing out grant projects. PIs are assisted in grant accounting management by the Finance Director and Executive Director.

Executive Director

Pre-Award activities held responsible by the Executive Director include: identifying grant opportunities, selecting PIs for grant proposals along with the Board of Directors, presenting grant proposals and award amendments to the Board for approval. The Executive Director also has authority to approve proposed grant budgets and sign grant applications at the time of application submission that have been approved by the Board. Post-Award activities held responsible by the Executive Director include: approving budget revisions, and approving grant drawdowns, and verifying drawdowns on a quarterly basis.

Finance Director

The Finance Director is responsible for grant accounting activities including; preparing grant reimbursement requests, drawing down funds (preparation, submission, and certification), preparing reports for PIs, maintaining grant financials within the accounting system, ensuring compliance set by federal regulations, grant funding agencies, and BSA policies. In the event of temporary absence or incapacitation of the Finance Director, BSA may utilize our contracted accounting firm to assist with these duties.

Roles and Responsibilities Chart

Function	Primary Responsibility (position title)	Backup (position title)
-----------------	--	------------------------------------

<p>1 Pre-Award Functions</p> <p>1a Identifying Grant Opportunities</p> <p>1b Review & Approve Grant Proposals</p> <p>1c Plan for Grant Acquisition</p> <p>1d Prepare & Submit Grant Proposals</p> <p>1e Acceptance of Awards and Amendments</p>	<p>1a Executive Director & PI</p> <p>1b BSA Board/Executive Committee</p> <p>1c PI</p> <p>1d PI</p> <p>1e Executive Director</p>	<p>1a BSA Board/Executive Committee</p> <p>1b</p> <p>1c Executive Director</p> <p>1d Executive Director</p> <p>1e BSA Board/Executive Committee</p>
<p>2 Grant management functions: Budget Revisions (Applies to revisions that do and do not require agency approval)</p> <p>2a Propose budget revisions</p> <p>2b Approve budget revisions</p> <p>2c Process budget revisions</p> <p>2d Budget Monitoring</p>	<p>2a PI</p> <p>2b Executive Director</p> <p>2c Accounting Manager</p> <p>2d PI and Executive Director</p>	<p>2a CoPI(s)</p> <p>2b BSA Board</p> <p>2c External Accountants</p> <p>2d Finance Director and CoPIs</p>
<p>3 Grant management functions: Cost Transfers</p> <p>3a Propose cost transfers</p> <p>3b Approve cost transfers</p> <p>3c Process cost transfers</p>	<p>3a PI</p> <p>3b Executive Director</p> <p>3c Accounting Manager</p>	<p>3a Executive Director</p> <p>3b PI</p> <p>3c External Accountants</p>

<p>4 Accounting</p> <p>4a Prepare</p> <p>4b Process entries</p> <p>4c Review</p>	<p>4a Accounting Manager</p> <p>4b Accounting Manager</p> <p>4c Executive Director & PI</p>	<p>4a External Accountants</p> <p>4b External Accountants</p> <p>4c BSA Treasurer and CoPIs</p>
<p>5 Expense Requests</p>		
<p>Under \$2,000</p> <p>5a Initiate</p> <p>5b Process & Record in Accounting Software</p> <p>5c Payment Approval – 2 required</p>	<p>5a PI or Executive Director</p> <p>5b Accounting Manager (Tricia)</p> <p>5c Executive Director & Accounting Manager</p>	<p>5a Executive Director or CoPIs</p> <p>5b External Accountants</p> <p>5c Publications Director</p>
<p>Over \$2,000</p> <p>5a Initiate</p> <p>5b Approve</p> <p>5c Process & Record in Accounting Software</p> <p>5d Payment Approval – 2 required</p>	<p>5a PI</p> <p>5b Executive Director</p> <p>5c Accounting Manager (Tricia)</p> <p>5d Executive Director & Accounting Manager</p>	<p>5a CoPIs</p> <p>5b BSA Treasurer</p> <p>5c External Accountants</p> <p>5d Publications Director</p>
<p>6 Drawdown</p>		
<p>6a Prepare/calculate</p>	<p>6a Accounting Manager</p>	<p>6a External Accountants</p>
<p>6b Approve</p>	<p>6b Executive Director</p>	<p>6b BSA Treasurer</p>
<p>6c Submit</p>	<p>6c Accounting Manager</p>	<p>6c Publications Director</p>

6d Certify 6e Verify drawdowns	6d Accounting Manager 6e Executive Director	6d Publications Director 6e PI or BSA Treasurer
7 Annual Sub-Recipient Monitoring	7 PI & Executive Director	7 Accounting Manager

Finding #3

BSA's written rebudgeting procedures are brief (2 paragraphs) and do not include many of the elements necessary to constitute adequate guidance and provide for consistency and control over the budget revision process. For example, although the guidance notes that PI/program staff, the Executive Director, and the Board are involved in project-related budget revisions, the guidance does not explicitly describes who initiates, approves, and processes budget revision requests; how budget revision requests are documented; or who coordinates with the funding agency if required. A similar concern was noted in a Fiscal Year (FY) 2009 desk review and a 2011 site visit.

Proposed Action Plan and Timeline to Resolve Finding #3:

We propose to modify our current policies (in black) with the following changes (in yellow) in order to address this finding and include more detail about the process of formal rebudgeting. We also noticed an outdated link to the prior approval matrix and were able to update that reference to the new, 2020 document. Our current rebudgeting policy is available here: <https://botany.org/home/governance/policies.html#XVI-4>

XVI. Grant Management

Part 4. Rebudgeting – The Society as the grant recipient (and/or the PIs) may determine that for efficient performance of the project, it is wise to rebudget funds from one budget line or category to another. Most federal agencies have delegated authority to approve these changes or modifications to the grant recipient (BSA). For budget revisions that do not require sponsor approval, internal budget revisions are initiated by the PIs. At least once annually, the PI will provide a short written budget update to the Executive Director, explaining the current state of spending on the grant and whether any rebudgeting is necessary (e.g. for exceeding the total budget of a spending category). The Executive Director will approve this report in writing. The Finance Director is responsible for processing any budget changes, and PI and Executive Director are responsible for editing any subaward or contract agreements if necessary (see Roles and Responsibilities chart).

Some federal awards and sponsors require that the Society formally submit a budget modification to the sponsor with an explanation of the need for the budget modification and the anticipated impact, if any, on the conduct of the work. A guide has been developed to assist in determining which project

changes (including which budget changes) require prior written approval from the sponsor: "Research Terms and Conditions Appendix A: Prior Approval Matrix November 12, 2020" can be found at https://www.nsf.gov/bfa/dias/policy/fedrtc/appendix_a.pdf. For example, the National Science Foundation requires prior approval for a transfer of funds budgeted for participant support costs to other categories of expense, and for subawarding, transferring, or contracting out of any work (this provision does not apply to the acquisition of supplies, material, equipment or general support services). In the event that proposed rebudgeting includes funding a new postdoctoral position, NSF must be notified and a mentoring plan must be uploaded to FastLane (if this was not included in the original proposal). In contrast, the NSF elects NOT to impose prior approval requirements for appropriate transfer between direct and indirect cost categories of the grant budget, nor restrict transfers of funds among direct cost categories.

If budget changes that may require prior sponsor approval are considered, the PI is responsible for coordinating with the sponsor to confirm whether formal rebudgeting is necessary. When a budget change is determined to require NSF approval, the PI will submit a request electronically via use of the Notification and Request module in FastLane. The request must clearly state which budget items, if any, are to be changed and by what amounts, and will explain the reasons for any changes. Formal budget requests initiated and prepared by the PI will be approved by the BSA Executive Director before submission via FastLane. If/when the budget changes are approved by NSF, the Finance Director will process adjustments to the project budget in accounting software and maintain documentation of the approval, and the Executive Director and PI will work together to amend subaward contracts if needed.

Finding #4

Although BSA articulated policies and procedures related to expense approvals, it has not documented its guidance in written policy. Specifically, BSA has not documented the roles (i.e., position title) and responsibilities of personnel involved in initiating, approving, and processing expense requests; the roles and responsibilities of personnel involved in reviewing expense requests for compliance with federal cost principles pre-incurrence. A similar concern was noted in a FY 2009 desk review and FY 2017 site visit.

Proposed Action Plan and Timeline to Resolve Finding #4:

We propose to modify our current policies (in black) with the following changes (in yellow) in order to address this finding and include more detail about the process of reviewing expense requests pre-incurrence. Our current expenditure monitoring policy is available here:

<https://botany.org/home/governance/policies.html#XVI-5>

Policies XIV. Grant Management Part 5. Expenditure Monitoring –The PI has the responsibility for verifying that charges on his/her awards are allowable **prior to incurrence**. S/he may receive assistance from the Finance Director on financial tasks, but the PI will retain responsibility for the review and approval, on a transactional basis, of charges assessed to his/her sponsored project(s). **The PI must obtain additional pre-approval from the Executive Director before incurring any anticipated grant expense \$500 that is not specified in the grant's budget justification, over \$2,000.**

The PI should be able to support that:

- All transactions occur within the project period, and are appropriately documented to be reasonable, allocable, allowable, and consistently applied; meet the limitations of the sponsor-approved budget and occur within the required timeframe for submitting a cost transfer.
- All transactions for reimbursement that are not calculated on a per-diem basis are supported by itemized (detailed) receipts.

The PI will review, approve, and submit invoices and itemized/detailed receipts supporting reimbursement requests for payment directly to the Finance Director. The Finance Director will review and approve payment of invoices and check requests and forward them to the Executive Director for a second review and approval. The Finance Director will review payroll/fringe benefits charges and internal charges and discuss with PI as appropriate.

Expense Requests Roles and Responsibilities

Function	Primary Responsibility (position title)	Backup (position title)
Under \$2,000		
5a Initiate	5a PI or Executive Director	5a Executive Director or CoPIs
5b Process & Record in Accounting Software	5b Accounting Manager (Tricia)	5b External Accountants
5c Payment Approval – 2 required	5c Executive Director & Accounting Manager	5c Publications Director
Over \$2,000		
5a Initiate	5a PI	5a CoPIs
5b Approve	5b Executive Director	5b BSA Treasurer
5c Process & Record in Accounting Software	5c Accounting Manager (Tricia)	5c External Accountants

5d Payment Approval – 2 required	5d Executive Director & Accounting Manager	5d Publications Director
-------------------------------------	---	--------------------------

Should unallowable items/charges be identified through the monitoring process, they will be corrected using the following process:

How to Correct for Unallowable Costs Mistakenly Charged to Sponsored Awards

A **journal entry** is a way to record a transaction in a financial system. Journal entries are also used to correct previously recorded expenditures.

1. Identify the expenditure(s) you need to move.
2. Identify the account line/code you want to credit (take the charge from) and the account line/code you want to debit (move the charge to). Unallowable charges must be reclassified to non-sponsored accounts within the accounting software by the Finance Director. Grant charges erroneously recorded under a sponsored grant account must be reclassified to the correct sponsored grant account within the accounting system using a journal entry.
3. Provide the appropriate parties (PIs/Sponsor/Board) with a detailed explanation of why the charges need to be moved, how you discovered the error and what corrective action(s) will be taken to avoid the error in the future.
4. Cost transfers resulting in an overall budget increase or decrease (e.g., assigning an expense which had been erroneously applied to a different NSF grant budget or reassigning unallowable charges previously reimbursed on the grant to non-sponsored accounts) will be adjusted and accounted for in the next ACM\$ drawdown(s) and documented in the drawdown transaction report by the Finance Director.

Finding #5

Although BSA provided policies and procedures related to budget and expenditure monitoring, it has not fully documented its guidance in writing. Specifically, BSA has not documented the roles (i.e., position title) and responsibilities of personnel involved in monitoring project budgets against actual costs; the frequency of monitoring reviews (i.e., standard time period); or the process for identifying and resolving budget overruns. A similar concern was noted in a FY 2011 site visit.

Proposed Action Plan and Timeline to Resolve Finding #5:

We propose to modify our current Grant Management and Administration Procedures (in black) with the following changes (in yellow) in order to address this finding and to include more detail about monitoring project budgets against actual costs, frequency of monitoring reviews, and

identifying and resolving budget overruns. The current procedures are available here:
<https://botany.org/home/governance/procedures.html#VGrant>

V. GRANT MANAGEMENT & ADMINISTRATION

It is the policy of the Society to seek out granting organizations which match our Mission and Objectives, Strategies and Programs, in order that we may most fully achieve the criteria and enhance the reputation of the Society. The Society fully complies with all granting agent policies and procedures and produces all required reports on time and to the detail requested.

Compliance – The Botanical Society of America will comply with all grant requirements and these must be referenced/included in all contracts/subcontracts, in specific we note the following for Federal Funding Agencies:

1. **Office of Management and Budget (OMB) Circulars (see all)**
 - Proposal and Award Policies and Procedures Guide, Part II, Award Administration Guide (PAPPG Part II)
 - Grant General Conditions (GC-1)
 - ELECTRONIC CODE OF FEDERAL REGULATIONS (e-CFR) (2 CFR 215)
 - ELECTRONIC CODE OF FEDERAL REGULATIONS (e-CFR) (2 CFR 200, Subparts A-D)
2. **Flowdown Provisions**
 - Debarment
 - Civil Rights
 - Equal Opportunity
3. **FEDERAL FINANCIAL REPORTING PROCEDURE**

Botanical Society of America has four authorized users of the NSF Research.Gov (Online Grants Management for the NSF Community) as follows:
Executive Director – PI, SPO, AOR, INSTADMIN, VIEWRPTS
Director of Finance - SPO, AOR, INSTADMIN, FFRPREP, FFRCERT, VIEWRPTS
Director of Education - PI, SPO, VIEWRPTS
Director of Publications – trained as backup for disbursements in case of emergency illnesses, prolonged staff absences
4. **The BSA Board of Directors approves who will serve as Principal Investigators on NSF grants. The PI responsible for financial oversight will be a BSA staff person, unless approved otherwise by the BSA Board.** The PIs and Executive Director prepare the budget and negotiate contracts in accordance with the terms of the award and BSA policies. The Board of Directors has delegated the authority to accept awards and award amendments to the Executive Director.

The PI also takes primary responsibility for ensuring compliance with federal regulations as well as the monitoring of expenditures, timely correction of errors, and proper allocation of expenses. The PI is responsible for Annual sub-recipient monitoring report completed by Jan 1 and kept on file for each sub-recipient. The PI is responsible for notifying NSF of any changes requiring formal notification and contacting PO with questions about proposed changes or anticipated delays.

The Director of Finance prepares a request to ACM\$ (the Awardee Cash Management Service) for reimbursement of budgeted grant expenses incurred by Botanical Society of America. Reimbursements from drawdowns are recorded in QuickBooks and reconciled on at least a monthly basis. The cumulative amount of the drawdown can be tied back to an expense transaction report for the period that the drawdown is covering. A lookback at the cumulative expense history for the grant must be done to ensure any changes that were made through the cost transfer process with a direct effect on the sponsored program award have been adjusted in the ACM\$. Any changes not yet accounted for will be included and documented in the drawdown transaction report. The Director of Finance prepares a request for approval to drawdown funds, with the necessary itemized documentation for the drawdown. The Executive Director approves the drawdown request and initials to record approval. The Director of Finance submits the request through the ACM\$ system. After a drawdown is completed, the Executive Director certifies in the ACM\$ that the drawdown was conducted in accordance with approval. The Director of Publications also has access to the ACM\$ system and is trained to serve as a backup for this process, if needed.

5. Finance Director also prepares and submits The National Science Foundation Program Income Worksheet and other financial reports as requested. Since our award is cash reimbursable, we have zero income to report.
6. Reports on reimbursed expenses are submitted by Finance Director to PI on a monthly basis. **The PI, with assistance from the Finance Director, will prepare a report comparing cumulative reimbursed expenses (actual costs) on the grant with the grant budget at least twice per year.** PI updates Executive Director and Finance Director on any budget changes and vendor progress on agreements and contracts as the project moves forward. PI shares information related to expenditure monitoring with Co-PIs on the project on an as-needed basis.
7. **The PI is responsible for identifying and determining how best to re-allocate any cost overruns on sponsored accounts before grant close-out. The Finance Director will work with the PI to rectify any cost overruns using the “How to Correct for Unallowable Costs Mistakenly Charged to Sponsored Awards” instructions in the [Grant Management: Expenditure Monitoring Policy](#)**
8. The Executive Director and Finance Director follow a process to reconcile and close out the fiscal year with the assistance from an outside accounting firm. The Executive Director and Finance Director are responsible for monitoring the BSA’s total expenditure in Federal awards in each fiscal year in order to determine whether a single audit is required. A single audit will be conducted on those years when BSA has expended \$750,000 or more total in Federal awards during the fiscal year (Oct 1- Sept 30).

Finding #6

BSA has not had a financial statement audit to provide objective assurance of the integrity of its financial statements. The accountant, who is not independent from the organization, reported that the financial statements “did not include substantially all of the disclosures

ordinarily included in financial statements prepared in accordance with the modified cash basis of accounting.”

Proposed Action Plan and Timeline to Resolve Finding #6:

We do not have a financial statement audit annually as we are a small nonprofit organization and that would be incredibly costly in time and funds required. We hire an outside accounting firm to put together our annual compilation and issue unaudited financial statements. However, as it is stated in our BSA Procedures, we do follow the required guidance to conduct a single audit in years where \$750,000 or more has been expended in federal awards. The Board will consider whether to adopt a policy of conducting an audit of the BSA financial statements at least every five years, but that is a governance decision for the BSA Board of Directors to consider and as we understand it, not a federal requirement.

The current Procedures are available here:

<https://botany.org/home/governance/procedures.html#VGrant>

“7. The Executive Director and Finance Director follow a process to reconcile and close out the fiscal year with the assistance from an outside accounting firm. The Executive Director and Finance Director are responsible for monitoring the BSA’s total expenditure in Federal awards in each fiscal year in order to determine whether a single audit is required. A single audit will be conducted on those years when BSA has expended \$750,000 or more in Federal awards during the fiscal year (Oct 1- Sept 30).”