Background

The American Recovery and Reinvestment Act of 2009 (the Recovery Act) appropriated $360 million to NIST to construct research facilities, including $180 million in competitive grants for the construction of research science buildings.

NIST's competitive grants program would award up to $60 million to unfunded meritorious projects proposed under a fiscal year (FY) 2008 competition and the remaining $120 million based on a new competition. By January 2010, NIST awarded more than $179 million in Recovery Act funds to support the construction of new research science facilities at 15 universities and 1 nonprofit research organization.

With grant recipients' matching shares, the 16 projects were intended to launch more than $400 million in new laboratory construction projects in 2009 and 2010.

Why We Did This Review

Since the announcement of Recovery Act funds appropriation, OIG has provided oversight of NIST administration of the construction grants program, including a October 2009 flash report that offered recommendations for the pre-award phase. This review focuses on post-award administration.

The objectives of this audit were to (1) determine the adequacy of the policies and procedures developed for Recovery Act construction awards; (2) determine whether NIST has the personnel, processes, and systems in place to monitor the program; (3) assess the adequacy of monitoring activities; and (4) determine whether the construction projects have proceeded according to their original proposals.

NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY

Oversight Activities of NIST's Recovery Act Construction Grant Awards Are Generally Effective but Need Improvements

OIG-12-020-A

WHAT WE FOUND

After awarding its first Recovery Act grants more than 2 years ago, NIST has established a generally effective construction grants program. Nevertheless, program processes are still under development—and NIST risks not having appropriate and adequate monitoring processes in place. Monitoring challenges that we found include:

Inadequate Controls Lead to Deficiencies in Award Administration. We detail how grant funds were released improperly (without securing the government's interest), financial and technical reports were missing from official files, and prior audit reports were not consistently reviewed per the Single Audit Act.

Construction Projects Are in Jeopardy of Not Being Completed on Time. Projects selected for review have not met Recovery Act objectives (including recent instructions to agencies to accelerate Recovery Act fund spending with final payments completed by September 30, 2013, unless granted an OMB waiver). Five projects (totaling $67 million in Recovery Act awards) may continue past the OMB deadline—and require immediate management attention. Also, NIST granted project time extensions without essential documentation, such as a statement of no anticipated further delay and feasibility of project completion within a revised time schedule.

Lack of Program Guidelines and Incomplete Program Office Oversight Policies and Procedures Exist. The NIST program office's construction grants procedures manual addresses some key areas but lacks financial and scientific review procedures. Also, NIST lacks a recipient program guidelines handbook.

Noncompliance with the Buy American Act, and Other Recovery Act Rules, Presents Issues. We noted compliance issues that arose with reprieves granted to use non–U.S.-made devices without an official Buy American waiver—as well as the restriction agencies must follow to spend Recovery Act funds only on Recovery Act-related work.

WHAT WE RECOMMEND

Our recommendations to the Under Secretary of Commerce for Standards and Technology are that he direct:

- The NIST grants office to address federal fund drawdown issues, as well as the review and reconciliation of all required reports in official grant files.

- The NIST program office to (a) develop plans to address projects at risk of missing the September 30, 2013, deadline; (b) require other grantees to meet grant-specified deadlines and/or submit proper extension requests to NIST; and (c) require grantees to submit all extension request elements before finalizing its decisions.

- The program office to strengthen its construction grants procedures manual and develop a recipient handbook—as well as direct the grants office to instruct staff on the official role of the paper file used with their grants management system as it transitions to a new grants system (and strengthen internal controls on official file access).

- The program office to ensure Buy American compliance—and direct the grants office to establish a firewall to prevent the use of Recovery Act funds (should they become available) on non-Recovery Act activities.