



August 5, 2021

**MEMORANDUM FOR:** Dr. James Olthoff  
Performing the non-exclusive functions and duties of the  
Under Secretary of Commerce for Standards and  
Technology and Director  
National Institute of Standards and Technology

**FROM:** Arthur L. Scott, Jr.  
Assistant Inspector General for Audit and Evaluation

**SUBJECT:** *NIST Was Effective in Implementing the Requirements for Awarding  
Funds Under the CARES Act*  
Final Report No. OIG-21-032-I

This memorandum provides the results of our evaluation of the National Institute of Standards and Technology's (NIST's) plan for the implementation of Coronavirus Aid, Relief, and Economic Security Act (CARES Act)<sup>1</sup> funding. Our objective was to determine whether NIST is complying with the requirements of the CARES Act. Specifically, we determined (1) what steps NIST took to implement and comply with the CARES Act, (2) challenges NIST faced during implementation, and (3) NIST's status in the processing of applications and awarding funds under the CARES Act.

## Introduction

The CARES Act was signed into law on March 27, 2020, to respond to the coronavirus disease 2019 (COVID-19) outbreak and its impact on the economy, public health, state and local governments, individuals, and businesses. The CARES Act, Division B ~ Emergency Appropriations for Coronavirus Health Response and Agency Operations, Title II ~ Department of Commerce, National Institute of Standards and Technology provided NIST with \$66 million in supplemental appropriations that will remain available until September 30, 2021 (see table 1). This memorandum represents the third product in a series of evaluations regarding our office's review of pandemic oversight funds.

NIST promotes "U.S. innovation and industrial competitiveness by advancing measurement science, standards, and technology in ways that enhance economic security and improve our quality of life."<sup>2</sup> In response to the global COVID-19 pandemic, NIST is utilizing CARES Act

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<sup>1</sup> Pub. L. No. 116-136.

<sup>2</sup> National Institute of Standards and Technology. *NIST Mission, Vision, Core Competencies, and Core Values* [online]. <https://www.nist.gov/about-nist/our-organization/mission-vision-values> (accessed June 17, 2021).

funding to support American manufacturers and for research purposes to help slow the spread of the virus.

NIST relies upon its existing infrastructure of non-federal partners—including Hollings Manufacturing Extension Partnership (MEP) Centers and the Office of Advanced Manufacturing (Manufacturing USA) Institutes<sup>3</sup>—and has awarded almost \$60 million in economic assistance in the form of cooperative agreements<sup>4</sup> to support American manufacturers in their response to COVID-19. Additionally, NIST laboratory programs are using \$6 million in CARES Act funding to fight COVID-19 through viral testing and bio-manufacturing.

**Table I. NIST CARES Act Funding**

Funding Line	Programs	Amount
Industrial Technology Services (ITS)	MEP	\$50,000,000
ITS	Manufacturing USA	\$10,000,000
<b>Total NIST ITS</b>	—	<b>\$60,000,000</b>
Scientific and Technical Research Services (STRS)	Lab Programs	\$6,000,000
<b>Total NIST STRS</b>	—	<b>\$6,000,000</b>
<b>NIST’s Total CARES Act Funding</b>	—	<b>\$66,000,000</b>

Source: OIG analysis of NIST award data

## Findings

As part of our oversight responsibilities, we evaluated NIST’s implementation of the CARES Act. Overall, we found that NIST implemented and followed the requirements of the CARES Act and applicable grant award policies and procedures.<sup>5</sup> In addition, NIST implemented measures to mitigate challenges resulting from an increased workload and a forced transition to a virtual work environment prompted by the COVID-19 pandemic, and is on track to fully obligate and expend all CARES Act funds before September 30, 2021.

<sup>3</sup> The MEP program was created to improve the competitiveness of U.S.-based manufacturing by making manufacturing technologies, processes, and services more accessible to small- and medium-sized manufacturers. The MEP program is supported by 51 MEP Centers located in all 50 states and Puerto Rico. Manufacturing USA Institutes represent a network of 16 public-private partnerships that work with academic and private sector manufacturing organizations on research and development and manufacturing skills training. Each Institute focuses on a particular advanced manufacturing specialty, such as biopharmaceuticals, biofabrication, additive and digital manufacturing, or robotics.

<sup>4</sup> Cooperative agreements are a form of federal assistance. These agreements are similar in nature to grants with the core distinction being cooperative agreements generally involve substantial involvement between the federal agency and the award recipient during the performance of the contemplated activity, whereas grants do not. The term *grant*, as used in this memorandum, refers to both grants and cooperative agreements.

<sup>5</sup> NIST followed the core pre-award/award provisions of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 C.F.R. Part 200) and the *Department of Commerce Grants and Cooperative Agreements Manual* when issuing federal awards funded by the CARES Act. See U.S. Department of Commerce Office of Acquisition Management, October 24, 2016. *Department of Commerce Grants and Cooperative Agreements Manual*. Washington, DC: DOC OAM.

## I. NIST Was Proactive in Implementing the Requirements of the CARES Act

We found that NIST proactively took steps to implement the CARES Act and expedite the deployment of funds. The CARES Act legislation consisted, among other things, of three NIST-related core components: (1) ITS emergency funding, (2) STRS emergency funding,<sup>6</sup> and (3) a cost-share waiver option for existing multi-year MEP base operating agreements.

### *ITS emergency funding (\$60 million)*

ITS is comprised of NIST's extramural programs—including MEP and Manufacturing USA—which help the U.S. industry develop and implement new technology, develop robust supply chains, and refine their systems for efficiency and effectiveness. NIST used the \$60 million in ITS funding to issue federal assistance awards. The impacted programmatic departments<sup>7</sup> prioritized these funds by conducting webinars for potential applicants and issuing associated solicitations<sup>8</sup> by mid-April 2020. Taking advantage of flexibilities afforded by the Office of Management and Budget's applicable guidelines and the CARES Act emergency funding status, NIST limited applicants to existing MEP Centers and Manufacturing USA Institutes in good standing, and generally evaluated proposals on a rolling basis. Using this approach, NIST accelerated the processing of the federal awards to established organizations with a demonstrated positive track record of performance. NIST awarded all CARES Act cooperative agreement funds by July 1, 2020.

### *STRS emergency funding (\$6 million)*

STRS is part of NIST's research programs and laboratories dedicated to measurement science. STRS includes six core laboratory program divisions that provide industry, academia, and other federal agencies with world-class research capabilities and facilities. The CARES Act funds allocated for STRS were restricted to fighting COVID-19 through the support of viral testing and bio-manufacturing. Most of the funds will be used to support internal research to assure accurate testing for the COVID-19 virus and to participate in the COVID-19 outbreak preparedness assessment pilot study. Additionally, a small portion of the funds will be used for internal mitigation efforts in fighting COVID-19's spread within NIST's office and among staff.

Funds were quickly put to use, resulting in a number of COVID-19 related accomplishments during 2020. Specifically, (1) research related to the effectiveness of face coverings/masks, (2) the production of synthetic gene fragments from SARS-CoV-2 (the virus that causes COVID-19), which allowed manufacturers to produce more

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<sup>6</sup> As stipulated in the CARES Act, Congress designated both the NIST-ITS and NIST-STRS appropriations as emergency requirements pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985 (Pub. L. No. 99-177).

<sup>7</sup> The Hollings MEP and Office of Advanced Manufacturing programmatic departments oversee the MEP and Manufacturing USA grant programs, respectively.

<sup>8</sup> A noncompetitive Request For Application was issued for the MEP program awards, underwritten by the CARES Act. The individual award amounts for all 51 MEP Centers were predetermined based on an existing allocation formula linked to the number of manufacturers in each state. Due to the restrictions imposed by the underlying legislation, NIST issued two separate solicitations to advertise the Manufacturing USA federal award opportunities.

accurate and reliable diagnostic tests for the virus, and (3) shipment of this new research grade test material, used to diagnose COVID-19, to labs worldwide. NIST is currently on track to expend the \$6 million in CARES Act funds by September 30, 2021.

#### *Existing multi-year MEP base operating agreements*

Section 12001 of the CARES Act impacted NIST's existing multi-year MEP base operating agreements funded under prior appropriations. It allowed MEP Centers the option to waive the typical 50 percent nonfederal cost-share requirement for the fiscal year 2020 funding year. NIST's MEP programmatic staff promptly notified MEP Centers' directors of this provision via a memorandum on April 13, 2020. The Grants Management Division (GMD) subsequently issued instructional guidance on May 12, 2020, which informed the MEP Centers of the procedures to be followed. As of May 21, 2021, 35 of the 51 MEP Centers elected to take advantage of the cost-share waiver option granted by the CARES Act.

## II. NIST Mitigated Challenges Faced During Implementation of the CARES Act

NIST proactively took steps to mitigate challenges faced during the CARES Act implementation. Specifically, NIST encountered challenges related to staffing, an increased workload, and the current virtual work environment prompted by the pandemic. To meet staffing and workload challenges, NIST (1) prioritized CARES Act awards over other grant programs, (2) authorized the use of overtime and rescheduled vacations, and (3) detailed staff from various NIST offices to assist with the CARES Act cooperative agreement awards. To address challenges posed by the unanticipated remote work environment, NIST leveraged the use of technology—such as shared drives, electronic signatures, and software (including Microsoft Teams, BlueJeans, and SharePoint)—to facilitate work and enhance communication. In addition, NIST's Grants Management Information System, which is entirely paperless and utilizes automated interfaces with related software platforms,<sup>9</sup> simplified NIST's forced transition to a virtual work environment.

## III. NIST Met the Established ITS Funding Obligation Milestones

NIST management committed to obligating the full \$60 million in ITS' CARES Act appropriations within 90 days of April 6, 2020—i.e., the date NIST submitted its spending plan to the U.S. Department of Commerce. We found that NIST exceeded the *U.S. Department of Commerce CARES Act Implementation Plan 90-day obligation milestone*.<sup>10</sup> NIST

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<sup>9</sup> The Grants Management Information System directly interfaces with several key grant management software platforms administered by other federal entities. Specifically, (1) Grants.gov is the official federal government website that allows organizations to electronically find and apply for federal financial assistance awards and (2) the U.S. Department of the Treasury's Automated Standard Application for Payment software is used by NIST to issue disbursements to grant recipients.

<sup>10</sup> DOC, June 2020. *U.S. Department of Commerce CARES Act Implementation Plan*. Washington, DC: DOC, p. 5–7. Available online at <https://www.commerce.gov/sites/default/files/2020-07/Commerce%20CARES%20Act%20Implementation%20Plan--Section%201501%20PRAC%20Report--June%202020--Final.pdf> (accessed June 17, 2021).

obligated the full \$60 million in the form of 53 cooperative agreements,<sup>11</sup> all of which have an effective start date before or on July 1, 2020. As of May 13, 2021, \$30.1 million of the \$60 million in CARES Act funds had been disbursed to grantees and we anticipate that the entire \$60 million will be expended before September 30, 2021.

We are not requesting a formal response to this evaluation, as the findings discussed in it were briefed to cognizant Departmental officials in advance of issuance. This evaluation will be posted to our public website.

If you have any questions or concerns about this evaluation, please contact me at (202) 577-9547 or Monica Adamo, Director for Acquisition and Grants, at (202) 482-5185.

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<sup>11</sup> The 53 cooperative agreements consist of 51 MEP Center awards and 2 Manufacturing USA Institute awards. The total dollar value of the awards is \$58,939,017. The remaining portion of the \$60 million is for the institutional support fee to cover related administrative and labor costs.

## Appendix A. Objective, Scope, and Methodology

Our objective was to determine whether NIST complied with the requirements of the CARES Act. Specifically, we determined (1) what steps NIST took to implement and comply with the CARES Act, (2) challenges NIST faced during implementation, and (3) NIST's status in processing applications and awarding funds under the CARES Act.

To accomplish the objective, we did the following:

- Reviewed relevant law, policies, and guidance, including:
  - Coronavirus Aid, Relief, and Economic Security Act, Public Law 116-136, March 27, 2020;
  - *U.S. Department of Commerce CARES Act Implementation Plan*, June 2020;
  - Office of Management and Budget, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (2 C.F.R. Part 200), December 26, 2014;
  - *Department of Commerce, Grants and Cooperative Agreements Manual*, (October 24, 2016), Interim Change 1, January 25, 2018;
  - NIST standard operating procedures for GMD to include (i) *Award Action Receipt, Clearance and Execution* (NIST-GMD-16-04, Version 2, April 26, 2018) and (ii) *GMD Post-Award Administration, Management, and Oversight Procedures* (NIST-GMD-16-02, Revision 3, April 18, 2018);
  - NIST Office of Acquisition and Agreements Management's *Financial Assistance Reference Guide Essential Tips for Your NIST Award*, Version 2.0, February 14, 2018;
  - Office of Management and Budget memorandums to the heads of executive departments and agencies pertaining to the administration and oversight of financial assistance awards during COVID-19;
  - the three CARES Act-related Request For Application and Notice of Funding Opportunity solicitations issued by NIST; and
  - previously issued Government Accountability Office and Congressional Research Service reports specific to the MEP and Manufacturing USA programs.
- Conducted interviews via teleconference with NIST officials and staff within the Hollings MEP, Manufacturing USA, and GMD to understand how NIST grants are administered in regard to CARES Act funding, as well as challenges NIST has faced during implementation and steps taken to mitigate challenges.
- Obtained and reviewed a comprehensive listing of NIST's COVID-19 achievements to date, along with the related general ledger detail through October 2020, in regard to the CARES Act NIST-STRS funding stream. We also reviewed NIST's optional nonfederal cost-share waiver guidance and assessed the underlying documentation for 5 of the 35 issued waivers.

- Obtained a universe of cooperative agreements awarded by NIST through October 31, 2020. The universe consisted of 53 awards totaling \$58,939,017. We judgmentally selected 10 awards totaling \$30,926,942 to evaluate whether award requirements were met and whether NIST met established obligation milestones.

For this evaluation, we did not assess internal control procedures. We assessed the reliability of the computer-generated data by interviewing NIST officials and reviewing documentation. We determined that the data was sufficiently reliable for the purposes of this report.

We conducted our fieldwork from November 2020 through February 2021 under the authority of the Inspector General Act of 1978, as amended (5 U.S.C. App.), and Department Organization Order 10-13, dated April 26, 2013, as amended October 21, 2021. We performed our fieldwork in Washington, DC, and Silver Spring, Maryland.

We conducted this evaluation in accordance with *Quality Standards for Inspection and Evaluation* (January 2012) issued by the Council of the Inspectors General on Integrity and Efficiency. Those standards require that the evidence supporting the evaluation's finding, conclusions, and recommendations should be sufficient, competent, and relevant and should lead a reasonable person to sustain the finding, conclusions, and recommendations. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objective.

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