

## Report on Research Compliance Volume 16, Number 4. April 01, 2019 Slew of NSF OIG Audits Features ‘Emphatic’ Disagreement By CSU

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Findings of four recent audits released by the National Science Foundation (NSF) Office of Inspector General (OIG) again reinforce the idea that expenditures must be properly timed to benefit a particular award.

But the audits also contain some unusual features—for example, a university was called out because a principal investigator (PI) failed to acknowledge NSF support in a published paper—and there was some unusually strong pushback from universities against repayment recommendations.

None of the audit findings have yet been resolved with NSF, so it remains to be seen whether the agency will confirm or turn aside OIG’s recommendations.

Historically, NSF has tended to side with awardee institutions, particularly when they mount strong opposition to a finding or, as happened in the recent past, NSF concludes that OIG has “misinterpreted” one of its policies. This has not always been the case, of course.

In November, for example, NSF disallowed nearly \$80,000 for equipment, materials and supplies that it said the University of California San Diego Scripps Institute of Oceanography (SIO) purchased too near the end of five awards. In its resolution of the 2017 audit, NSF disallowed a total of \$95,882, permitting just \$15,634 of \$111,516 auditors questioned regarding costs claimed from April 1, 2012, to March 31, 2015. NSF said its decision was based on regulatory requirements and SIO’s “concurrence,” but in responses to the auditors’ draft report, officials said the purchases were reasonable and necessary (“NSF Disallows Majority of Questioned Costs at Scripps Institute, Mostly Sides with USC,” *RRC E-Alert*, Nov. 29, 2018).

The following are details of the recent audits.

### University of Wyoming (UW)

- Date of audit: Dec. 21, 2018
- Audit period: Oct. 1, 2011, to Sept. 30, 2014
- Tested amounts: 248 transactions totaling \$2.3 million
- OIG financial recommendation: repay \$441,683
- University response: agreed to repay \$206,279

Issued late last year, the UW audit set the tone for the group in terms of rebuttals to at least some of OIG’s claims of unallowable costs. Auditors reported that they “found \$44,330 in unallowable payroll and non-payroll costs incurred due to lack of supporting documentation, \$15,581 in unallowable relocation costs, and \$381,772 of inadequate support for transfer of transactions between awards within and outside of [the] period of performance.”

The transfer charges questioned stemmed from “transactions where the costs were transferred from one cost

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center of a different award to an NSF award outside the required 90-day close-out period,” OIG said. UW “did not provide the appropriate documentation to validate the reasonableness of the transfer, and we were unable to determine through other means that such transferred costs represented allowable costs,” the auditors said.

UW “provided support for the expenditures [but] did not provide support that the expenditures related to the applicable NSF award.” OIG deemed the relocation costs unallowable because UW failed to “name a specific person in its grant proposal for whom relocation expenses would be incurred.”

Further, the auditors noted three “internal control deficiencies:”

- “Personnel Activity Reports (PAR)/timesheets not properly approved;
- PAR document submitted more than 60 days after period of performance; and
- Purchase card (P-card) transaction limit of \$1,500 exceeded without proper approval.”

Auditors said NSF should require UW to take steps to:

- “Ensure that all timesheets, PARs, or other acceptable documentation is available for all employee time charges to the grant and that this documentation be retained and available in accordance with applicable requirements.
- Ensure that all budget amendments necessary to reflect such relocation expenses reimbursement be approved prior to payment.
- Ensure that grant proposals include specific named individuals for whom relocation costs will be incurred.
- Implement a policy requiring that all cost transfers are performed within 90 days of the end of the award period, and that such documentation be maintained.
- Strengthen its existing policies and procedures to include trainings to ensure that all PARs are completed and submitted with at least one signature, and timesheets are signed by both employee and supervisor in a timely manner. In addition, the University should have a process that flags and tracks unsigned timesheets to ensure they are being signed by the appropriate person in a timely fashion.
- Enforce internal review and approval processes of P-card limits and obtain/maintain supporting documentation to support management’s approval of increased thresholds. In addition, we recommend that individuals reviewing and approving the P-card transactions receive relevant training to ensure that appropriate support is being maintained and reviewed along with purchases.”

UW agreed to make repayment of costs that lacked documentation, saying it concurred with the need to strengthen procedures and ensure all timesheets and PAR reports “are documented and properly retained.” UW also planned to implement a new human capital management system to “replace paper timesheets,” as well as a new effort reporting system.

But it took issue with the recommendations regarding expenditures over allowable limits on P-cards, saying such amounts were approved. “The only way a transaction is allowed to process on a P-card that exceeds the threshold is with the review, approval and physical override in the P-card provider bank site by an authorized procurement department staff member,” UW explained. Documentation of approvals was lost when the bank’s software was changed, it said.

The university was in partial agreement with the finding on cost transfers, saying it has since adopted a

requirement that PIs provide a written explanation for the need for the cost transfer, and implemented a “deadline of 90 days for cost transfers to be submitted from the original date of the expenditure.”

In disputing \$234,407 in questioned costs, UW referred to these as “receipt corrections” that it said were made in compliance with an FAQ issued by NSF.

UW did not respond to RRC’s request for comment on the audit.

Link to UW audit: <http://bit.ly/2M17r7F>

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