

## Report on Research Compliance Volume 18, Number 1. January 02, 2021

### Agreeing With OIG, NSF Disallows JHU's Late Equipment Costs, Travel Expenses

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By Theresa Defino

Post-award research compliance officials, particularly those in award-related finance and accounting roles, will want to review the trio of recent audit resolutions issued by the National Science Foundation for insights into the types of incurred costs NSF finds problematic.

The December issue of *RRC* delved into the details of the audit resolutions of the University of Connecticut (UConn) and University of Cincinnati (UC).<sup>[1]</sup> OIG had flagged \$75,139 in costs UConn had claimed from Feb. 1, 2016, to Jan. 31, 2019. UConn agreed to pay \$61,663 but disputed \$13,476. NSF allowed only \$1,342, requiring repayment of \$73,797.

The third resolution OIG issued was with Johns Hopkins University (JHU); its repayment amount is the largest of the three.<sup>[2]</sup> Auditors questioned, and NSF sustained, \$91,048 in costs among 21 NSF awards from Feb. 1, 2016, to Jan. 31, 2019.<sup>[3]</sup> Auditors reviewed “more than \$1.8 million of the \$116.8 million claimed to NSF during the period,” and tested “250 judgmentally selected transactions,” ultimately questioning a total of 32 transactions.

NSF’s disallowance, it said, was based on JHU’s “agreement with the findings and questioned costs.” It also called JHU’s corrective actions “responsive to the compliance and internal control recommendations related to the audit findings.” But JHU officials did address what could be seen as too sweeping of a generalization by auditors about costs incurred at the end of an award.

These were the largest but just one category of four of unallowable charges. The others were unallowable or unreasonable travel, unallocable fringe benefits and inadequately supported transactions.

Of the \$68,984 in purchases near award expiration that were questioned, there were 14 transactions that totaled \$57,142 for 10 awards. The items ranged in price from \$11,445 for a structure probe to \$377 for a printer.

### **PIs Deemed Repairs, Replacement Unavoidable**

In several instances, charges were for repairs or replacement of equipment, which presumably the awardee institution would own after award expiration.

Auditors flagged \$5,983 spent to “remedy...wear and tear” on a piece of unidentified equipment 10 days prior to the expiration of the award. Auditors said “the maintenance was not necessary to complete the goals of the project.” Additionally, camera repairs that cost \$5,700 were charged three days before the end of the award.

Auditors said because the repaired camera was available for only three days before expiration that charging 100% of the cost to the award “does not reflect the relative benefits received.”

OIG questioned and NSF disallowed an expenditure of \$4,815 for a MacBook Pro, Apple Care (an extended warranty and repair service) and adaptors approximately three-and-a-half months before the expiration of a

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seven-year award. The principal investigator (PI) “stated that the Mac Book [redacted] was previously using died, and it was essential to order a new one. However, the computer was not used exclusively on this NSF award,” auditors said, quoting JHU officials who said that “it was also used for professional research and correspondence, and teaching needs as available.”

Within this category NSF also disallowed \$3,640 for a pH meter delivered three days before an award expiration. Another \$3,253 for evaporation material purchased “the same day as the NSF award expiration” was also disallowed. Although JHU said the purchase was to replenish supplies that had been depleted by the project from the general lab pool, auditors said it “could not benefit this award.”

Among the largest charges was \$11,445 for “81 percent of the cost of a structure probe that was not shipped until August 15, 2018, 46 days after the NSF award expired on June 30, 2018.” Auditors said the equipment came after the award and “therefore could not benefit this award.”

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