NATIONAL SCIENCE FOUNDATION OFFICE OF INSPECTOR GENERAL (OIG) AUDIT OF URI EPSCOR INCURRED COSTS

Summary of Work Performed Preliminary Results – Questioned Costs and Compliance Findings

5/31/22
NSF OIG AUDIT – TIMELINE & STATUS

- Audit began 9/20
- Cotton & Company, LLP auditor on behalf of NSF
- NSF OIG report issued 10/21
- NSF’s Division of Institution and Award Support (DIAS) currently working with URI staff on finding resolution
NSF OIG AUDIT – SUMMARY OF WORK PERFORMED

- NSF annual workplan included audits of EPSCoR awards
- URI one of three universities selected for audit
- NSF selected 4 URI EPSCoR awards for audit
- Expenditures totaled $39.5 m and $7.8 m for cost shared expenditures
- $1.9 million transactions selected for detailed testing
## NSF OIG AUDIT – PRELIMINARY RESULTS

<table>
<thead>
<tr>
<th>URI Position as of 12/31/21</th>
<th>Questioned Cost Total</th>
<th>Primary Type of Questioned Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>$8,500</td>
<td>General use equipment</td>
</tr>
<tr>
<td>Disagree - Offset with overmatch of cost share</td>
<td>$268,000</td>
<td>Cost sharing - inadequate supporting documentation</td>
</tr>
<tr>
<td>Disagree</td>
<td>$179,000</td>
<td>Prior approval of subaward vs a consultant</td>
</tr>
<tr>
<td>Disagree - pass adverse findings to subawardee</td>
<td>$166,000</td>
<td>Unapproved subaward expenses - subaward unable to provide sufficient documentation</td>
</tr>
<tr>
<td>Disagree</td>
<td>$6,000</td>
<td>Upgrades to existing amphitheatre (cabling, etc.) - capital vs supplies</td>
</tr>
<tr>
<td>Total</td>
<td>$627,500</td>
<td></td>
</tr>
</tbody>
</table>
Cost Sharing

• NSF EPSCOR cost sharing - RI STAC awards and third party administered through RI Commerce, but URI responsible

• Questioned costs included third party cost share for which no documentation available due to system change and age of records

• Third party cost share complex
  – All proposals should have third party commitment letters
  – Should be reporting cost share actuals to OSP analyst at least quarterly through 3rd party cost share form
  – Third party needs to be retain their records for a period of 3 years after the final financial report is issued by prime sponsor
Cost sharing - Continued

• Fall 2022 – there will be a Brown Bag lunch for cost share reviews and monitoring
Prior Approval of Subawards

• If using subawards, prior approval must be obtained if not approved with original budget

• For NSF, must obtain NSF Grant Officer approval through Fastlane to transfer research or effort before approving invoice/expense to NSF
Indirect Costs Inappropriately Applied

- Subaward invoice categorized expense as supplies rather than expenditure, consequently indirect costs were applied
- Reviews of subaward invoices should include reviews of budget to actuals
- Categorization of capital vs expense. NSF will test to ensure analysis in accordance with URI policies
Inadequately Supported Expenses

- Subawardee consultant expenses were not supported by specific consultant agreement
- Subawardee summer salary expenditures less than monthly salary increment

- Note: review subaward budget categories for unusual items and work with OSP to see if additional documentation is needed
Non-Compliance with URI Policies

- P.O., Risk assessment forms, Checklists to determine subrecipient or vendor, Subrecipient monitoring, Annual audit monitoring, equipment forms
  - Some instances documents could not be found
  - When in doubt if a form is needed contact OSP
  - Subawardee related forms saved to InfoEd
Re-certification of Salary due to Adjustments

• Depending on type of adjustment recertification may be necessary
• Payroll adjustment form is sometimes used
• Reviewing form to ensure when adjustment greater than 90 days is routed, that it includes a greater than 90 day review by OSP and controller’s office
Provisional Indirect Cost Rates

• Subawardee budgets are not updated for subsequent increases in F&A rate
• This is normal; COGR reviewing
• URI does not update budgets for subsequent increases in F&A rate
• If rates decrease, then the F&A rate budgets and actuals must be decreased back to the effective date of the change