

# 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

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# 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

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# NSF OIG AUDIT – PRELIMINARY RESULTS

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

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# 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 3<sup>rd</sup> 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

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# Cost sharing - Continued

- Fall 2022 – there will be a Brown Bag lunch for cost share reviews and monitoring

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# 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

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# 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

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# 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

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# 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

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# 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

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# 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

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