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### Recent NSF OIG Audits Highlight Travel, Equipment-and Dental Work

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Before heading out to conduct field work in Antarctica in May 2015, a University of Montana (UM) student needed some dental work done to qualify for the program. The fixes to his or her pearly whites cost \$1,477, which UM charged to a National Science Foundation (NSF) award.

Not so fast, said auditors from NSF's Office of Inspector General (OIG). Although the work was "required in order [for the student] to be eligible," the agency's U.S. Antarctic Program participant guide "specifically states that the cost of treatment to resolve dental conditions in order to meet USAP screening criteria are not reimbursable," auditors said, calling those costs unallowable.

The UM audit was one of two OIG recently issued; the other was of Tufts University (RRC 10/25/18). UM's audit covered \$22 million in costs claimed on 122 awards from Sept. 1, 2013, to Aug. 21, 2016, during which 250 transaction charges were scrutinized through various means, including "cluster testing."

In its response, UM didn't dispute the auditors' conclusion about the dental costs, and agreed to pay back the funds, which were among \$6,827 of unallowable costs charged to three other NSF awards that OIG had flagged. Auditors also flagged \$867 "to produce an auction booklet used for fundraising purposes," which OIG said was "expressly unallowable;" \$740 incurred when hotel costs of \$239 per diem were incurred, exceeding the allowable amount by \$76; and \$3,743 in shipping costs for grant-related equipment.

### Research Salary Deferral Questioned

UM had charged \$9,202 that it paid for equipment to be shipped to the university, even though "the invoice that UM provided only supported \$5,459 of actual expenses." Auditors said UM had charged another \$3,743 because that was what it would have been charged if its campus mail service had not received a 50% discount. OIG pointed out that "UM did not actually incur any additional costs that could be allocated to the award."

But the dental and other costs were minor in the context of overall audit findings, which requested that NSF have UM repay \$367,779—\$342,020 of which was attributable to what OIG called "the use of research-based salaries."

According to OIG, the salary "UM is charging NSF and other external sponsors is higher than the rate that UM is paying for the same employee to perform research on non-sponsored projects," which OIG referred to as "a highly unusual practice [that] is unallowable."

Further, OIG contended that UM "does not have sufficient procedures in place to ensure that it allocates all costs to sponsored projects based on the relative benefits received."

UM, however, disputed that the salaries were unallowable, although it agreed to repayment for the other categories of questioned charges. UM no longer mentions the source of funding in its salary policies, it said in response to the audit. But UM still pays a higher rate for some research activities, which it contends is allowed.

OIG also called out \$18,932 of "inappropriately allocated expenses" charged to three NSF awards. Two of these

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related to equipment purchased as an award was winding down. Specifically, auditors said \$15,252, the full amount, was charged to the award on the last day of an eight-year period of performance (POP) for the purchase of 10 global positioning system collars. The items did not arrive “until after the award POP expired,” the auditors said.

According to the report, because “the scope of the award included educating and training PhD students, and that [PhD students] used the GPS collars to continue their studies after the award POP ended,” UM “believed the cost of the collars should be allocable.”

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