



At a Glance

Catalyst for Improving the Environment

Why This Review Was Performed

Under Public Law 106-74, four Federal agencies were authorized funds to endow the United States-Mexico Foundation for Science (USMFS). As the major U.S. contributor to the USMFS endowment, the National Science Foundation (NSF) Office of Inspector General (OIG) audited Federal Government contributions to the USMFS to evaluate (1) the adequacy of policies and procedures for managing and monitoring the USMFS award and (2) whether the USMFS was administering funds in accordance with award terms and conditions.

EPA Region 9 awarded Grant No. XP989490-01 to the USMFS on September 30, 1999. This \$2 million grant was reviewed by the NSF OIG as part of the audit.

Background

The USMFS is a non-profit organization that promotes cooperation in science and technology to solve problems that affect both the United States and Mexico.

For further information, contact our Office of Congressional and Public Liaison at (202) 566-2391.

To view the full report, click on the following link:
www.nsf.gov/oig/USMFS05.pdf

Audit of United States-Mexico Foundation for Science

What Was Found

The NSF OIG identified several significant non-compliance issues regarding grants awarded to USMFS by four Federal agencies, including EPA. The USMFS did not meet its requirement to provide \$2 million in matching funds for its EPA grant, thus violating the terms and conditions of the grant. According to EPA grant requirements, EPA had the right to reclaim the grant award if the matching contribution was not made within 1 year of the U.S. contribution.

The NSF OIG found the USMFS did not have adequate financial management processes. The NSF OIG identified numerous financial management process issues, including a lack of written internal control policies and procedures for its cost accounting system, lack of an adequate labor distribution system, lack of a process to review and reimburse travel expenditures, and non-compliance with the single audit provisions under Office of Management and Budget Circular A-133.

What We Recommend

Based on the findings of the NSF OIG, the EPA OIG recommends that the EPA Region 9 Administrator require the USMFS to meet its matching requirements, or recover the \$2 million in EPA grant funds. The Regional Administrator should also require the USMFS to provide documentation demonstrating that it has adequately addressed the financial management issues. If the USMFS is unable to provide adequate documentation, EPA should recover these funds. We also recommend that the Regional Administrator award no grants until the USMFS is able to demonstrate that it has adequate financial management processes in place. Further, we recommend the Regional Administrator coordinate actions with EPA's Grants Administration Division because the USMFS is an international organization.