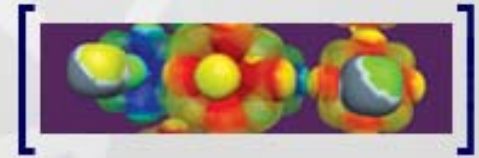




National Science Foundation



Compliance Issues

October 20-21, 2008

Hosted by: **The University of Nebraska-Lincoln**
Omaha, NE

Ask Early, Ask Often!

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NSF Compliance Monitoring Programs

- **OIG Audits and Investigations**
- **OMB A-133 Audits**
- **Business System Reviews**
- **Award Monitoring and Business Assistance Site Visits**
- **DIAS Contract Desk Reviews**
- **DFM Contract Transaction Testing**
- **NSF Risk Assessment**



Compliance Issues

- **Audit Resolution NSF OIG Time & Effort**
- **NSF 2 Months Senior Personnel Policy**
- **Supplementing Salary**
- **Administrative Surcharges A-21 Cap**
- **Program Income**
- **Participant Support**
- **Cost Sharing Returns**



NSF OIG Audit Time & Effort

- Internal Controls – Policies & Procedures
- After the fact Verification – timeliness
- Late reports – approval dates - reliable?
- Base salary rates – documentation
- Definition compensation basis what are they being paid for?
- “Suitable means of Verification” – if administrative approval
- “Significant change” budget to actual
- Independent Internal Evaluation of system
- Bid & Proposal, Mentoring, Committees, Other
- Interview - certification vs. actual activities



2 Months Rule

- Previously 2/9 rule summer salary
- Senior Personnel
- Principle - Research normal faculty function included within term of appointment
- Revised to two months regular salary in any one year
- Applies to all NSF grant awards
- Any compensation > 2 months justification in budget and approved by NSF in award notice



Supplementing Salary

- Principle - Everyone would like to receive more salary!
- Overload – 125%, Stipend, Bonus, Consulting, Lump Sum, Advisory Panel, and Multiple Appointments – not including Incidental compensation

A-21 – “In no event will charges to sponsored agreements, irrespective of the basis of computation, exceed the proportionate share of the base salary for that period.”

- NSF exception – Teaching and Remote Locations must be disclosed budget justification and approved by NSF in award notice
- Disclosed in proposal, justified in budget explanation, and approved by NSF in award notice.



Administrative Surcharges

Presented as allocated cost as % MDTC or fixed dollar amount, or fee for departmental administration, telecommunications and computer, administrative fee, cost recovery, etc.

OMB A-21 26% cap of administrative portion of indirect cost rate and requires Federal agencies to use negotiated rates

Not recharge center or Specialized service facility where actual cost are charged based on measured use but costs are allocated based on cost or number of staff

Generally, NSF will fund only if: Included in the F&A rate agreement or Approved by Cognizant agency by separate communication. Fees unallowable unless in program announcement & negotiated

Grant review does not disclose – can be disallowed under audit

CAS & Disclosure Statement - consistency in treatment of costs in like circumstances



Surcharge example

- **University charged 4% MTDC for administration costs for Engineering and Computer Sciences Departments**
- **Costs for pool of Grants Admin, Budget, Secretary Clerical Staff**

or

- **University budgeted for \$700 per staff member for telecommunication and computer services Fee –**
- **Replace and upgrade computers and lines provide bundled telecommunications services – cell phone, computer lines, voicemail etc.**
- **Both also claimed full F&A rate recovery**



Secretary Clerical Administration

- **Generally included in F&A rate not as a direct charge**
- **OMB Clarification – “Major Projects” not standard grants**
- **Centers, Extensive Data Collection such as Clinical trials, Conferences – travel large numbers of participants, geographically remote**
- **Does not imply direct charging appropriate in all circumstances – DS-2 - CAS**
- **NSF approval in award budget does not mean it is an allowable cost**



Dependent Care

- **Want to attend conference and need someone to provide care for children – parents and charge as direct cost to NSF award**
- **Childcare center and sick or admin leave fringe benefit cost**
- **A-21 Service for personal use unallowable**
- **Cost of having children**



Meeting Expenses

- Meals, facilities, coffee, etc. at conferences allowable integral and necessary part of activity identified in scope of work and budget as approved by NSF
- Not intramural meetings of the organization
- Not entertainment – unallowable plus directly associated costs
- Responsibility of awardee to differentiate between the two



Meeting Expense Example

- **Want to have informal get to know meeting between Center faculty members and student participants**
- **Outdoor setting off site on a Saturday**
- **Barbeque catered event**
- **Alcohol and beverages provided but not charged to grant**
- **Family members invited**
- **Live music and social interaction**
- **Is this allowable meeting expense or entertainment?**



Program Income

- Program income means gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the award
- Added to funds committed to the project by the Federal awarding agency and recipient and used to further eligible project or program objectives.
- Reporting Program Income and deduct from funds needed in period earned
- Used allowable costs
- Do Departments always report Program Income to OSP?



Cost Sharing

- **ERCs, I/UCRCs, EPSCoR**
- **Industrial partnership – STTR SBIR**
- **Mandatory – eligibility requirement**
- **Level required clearly defined**
- **OMB A-110 and Cost Principles**
- **3rd Party documentation and valuation**
- **Within scope of project – necessary and reasonable. Would you have spent your grant funds on it?**



Questions

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