

Performance Audit of Incurred Costs – Tufts University

REPORT PREPARED BY WITHUMSMITH+BROWN, PC

NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL

September 26, 2018
OIG 18-1-008





AT A GLANCE

Performance Audit of Incurred Costs – Tufts University

Report No. OIG 18-1-008

September 26, 2018

AUDIT OBJECTIVE

The National Science Foundation Office of Inspector General engaged WithumSmith+Brown, PC (WSB) to conduct a performance audit of incurred costs at Tufts University (Tufts) for the period July 1, 2013, to June 30, 2016. The auditors tested more than \$4.4 million of the \$41 million of costs claimed to NSF. The objective of the audit was to determine if costs claimed by Tufts on NSF awards were allowable, allocable, reasonable, and in compliance with NSF award terms and conditions and Federal financial assistance requirements. WSB is responsible for the attached report and the conclusions expressed in this report. NSF OIG does not express any opinion on the conclusions presented in WSB's audit report.

AUDIT RESULTS

Tufts did not always comply with all Federal, NSF, and Tufts regulations and policies when allocating expenses to NSF awards. The auditors questioned \$20,461 of costs claimed by Tufts during the audit period. Specifically, the auditors found \$15,426 in unreasonable travel and related charges; \$2,386 in unallowable participant support costs; and \$2,649 in unreasonable meal and visa costs.

RECOMMENDATIONS

The auditors included three findings in the report with associated recommendations for NSF to resolve the questioned costs and to ensure Tufts strengthens administrative and management controls.

AUDITEE RESPONSE

Tufts agreed with the majority of the findings in the report. Tufts' response is attached in its entirety to the report as Appendix A.

CONTACT US

For further information, contact us at 703.292.7100 or oig@nsf.gov.



NATIONAL SCIENCE FOUNDATION OFFICE OF INSPECTOR GENERAL

MEMORANDUM

DATE: September 26, 2018

TO: Dale Bell
Director
Division of Institution and Award Support

Jamie French
Director
Division of Grants and Agreements

FROM: Mark Bell [REDACTED]
Assistant In
Office of Audits

SUBJECT: Audit Report No. 18-1-008, Tufts University

This memo transmits the WithumSmith+Brown, PC (WSB) report for the audit of costs charged by Tufts University (Tufts) to its sponsored agreements with the National Science Foundation during the period July 1, 2013, to June 30, 2016. The audit encompassed more than \$4.4 million of the \$41 million claimed to NSF during the period. The objective of the audit was to determine if costs claimed by Tufts on NSF awards were allowable, allocable, reasonable, and in compliance with NSF award terms and conditions and Federal financial assistance requirements.

Please coordinate with our office during the 6-month resolution period, as specified by Office of Management and Budget Circular A-50, to develop a mutually agreeable resolution of the audit findings. The findings should not be closed until NSF determines that all recommendations have been adequately addressed and the proposed corrective actions have been satisfactorily implemented.

OIG Oversight

WSB is responsible for the attached auditors' report and the conclusions expressed in this report. We do not express any opinion on the conclusions presented in WSB's audit report. To fulfill our responsibilities, we:

- reviewed WSB's approach and planning of the audit;
- evaluated the qualifications and independence of the auditors;
- monitored the progress of the audit at key points;
- coordinated periodic meetings with WSB, as necessary, to discuss audit progress, findings, and recommendations;
- reviewed the audit report prepared by WSB; and
- coordinated issuance of the audit report.



NATIONAL SCIENCE FOUNDATION OFFICE OF INSPECTOR GENERAL

We thank your staff for the assistance that was extended to the auditors during this audit. If you have any questions regarding this report, please contact Billy McCain at 703.292.7100 or oig@nsf.gov.

Attachment

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Tufts University

Performance Audit of Incurred Costs

National Science Foundation Office of Inspector General

September 26, 2018

OIG 18-1-008

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Abbreviations

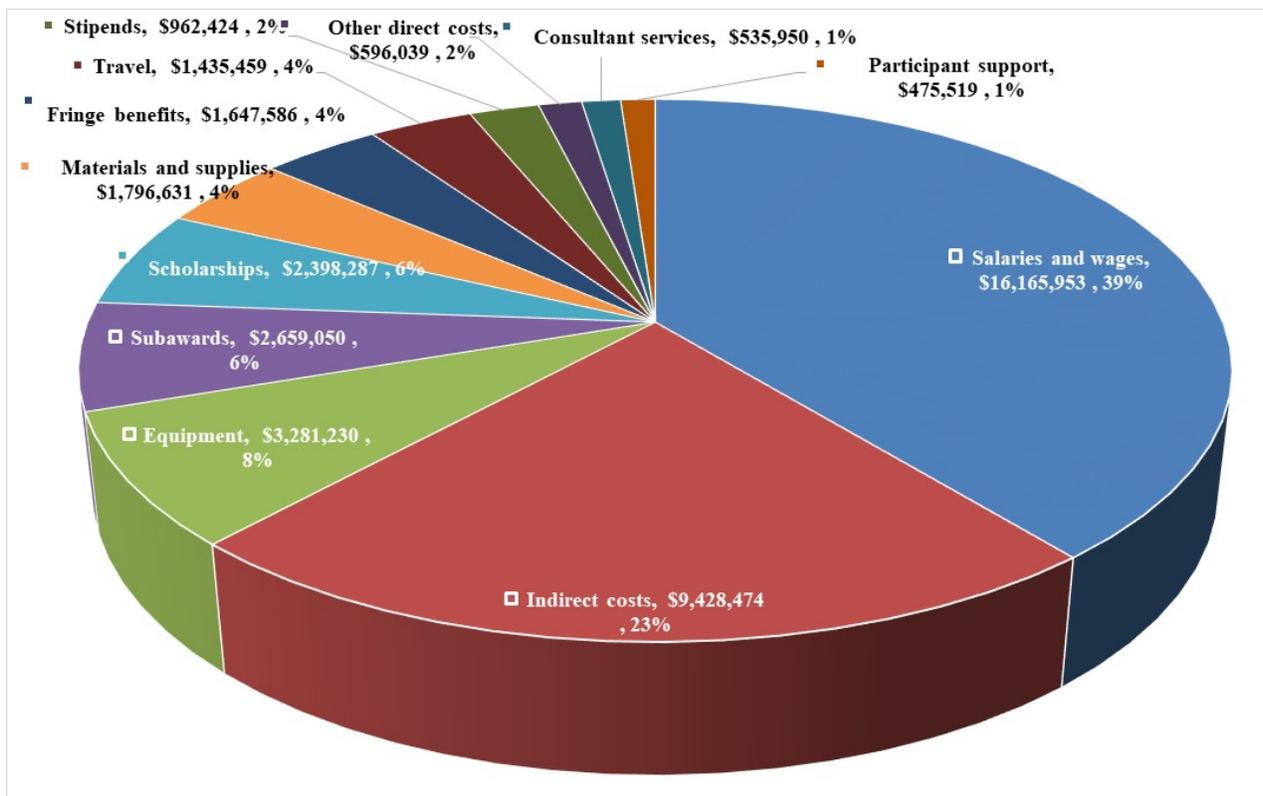
CFR	Code of Federal Regulations
DIAS	Division of Institution and Award Support
GSA	General Services Administration
OIG	Office of Inspector General
PI	Principal Investigator
Tufts	Tufts University

Background

The National Science Foundation (NSF) is an independent Federal agency created “to promote the progress of science; to advance the national health, prosperity, and welfare; and to secure the national defense.” NSF is also committed to ensuring an adequate supply of the Nation’s scientists, engineers, and science educators. NSF funds research and education in science and engineering by awarding grants and contracts to educational and research institutions in all parts of the United States.

NSF grantees must follow Federal and NSF grant regulations and guidance in administering its NSF awards. Tufts University (Tufts), founded in 1852 in Massachusetts, is an NSF grant recipient. According to Tufts, it is a student-centered research university dedicated to the creation and application of knowledge. As illustrated in Figure 1, between July 1, 2013 and June 30, 2016, Tufts claimed more than \$41 million of costs across 193 NSF awards. An analysis of these costs claimed by budget category, based on the accounting data provided by Tufts, is portrayed in Figure 1.

Figure 1. Costs Claimed by NSF Budget Category, July 1, 2013 to June 30, 2016



Source: Auditor analysis of accounting data provided by Tufts

Results of Audit

WithumSmith+Brown, under contract with the NSF Office of Inspector General (OIG), audited the costs claimed by Tufts on NSF awards for the period beginning July 1, 2013 and ending June 30, 2016. Tufts did not always comply with all Federal, NSF, and Tufts regulations and policies when charging expenses to NSF awards. In our testing of 250 judgmentally selected transactions, we identified 12 transactions with a total \$20,461 of questioned or unsupported costs (direct costs plus applicable indirect costs) charged to nine NSF awards. Three areas where improved oversight is needed to ensure costs claimed are reasonable and necessary in accordance with Federal and NSF award requirements include: 1) \$15,426 for unreasonable travel and related charges; 2) \$2,386 in unallowable participant support costs; and 3) \$2,649 in unreasonable meal and visa costs. A schedule of questioned costs by award, detailing amounts for direct and indirect costs, is included in Appendix C.

Finding 1: Unreasonable Travel and Related Charges

We identified several travel costs that did not appear reasonable and necessary for the awards charged and were not in compliance with NSF requirements.

Unreasonable PI (Principal Investigator) Travel and Other Expenses Transferred to NSF Award

We questioned \$3,467, charged to one NSF award, for a cost transfer moving multiple foreign travel expenses for the PI to the NSF award. Based on the following, we conclude that the travel was not necessary, reasonable, or prudent for the administration of the award:¹

- The travel expenses were not charged to the NSF award until one to two years after the costs were incurred. Tufts did not properly follow its policies for cost transfers over 90 days. Although the expense transfer form was completed, it was not signed by the debit account authorizer as required, and did not include the proper expense transfer explanation code. Additionally, the memo explaining the lateness of the transfer did not include the corrective actions taken to prevent the lateness from occurring again.² The reason for the transfer was that neither the Department Administrator, nor the Chair of the Department, realized that these specific expenses

¹ 2 Code of Federal Regulations (CFR) 220, Appendix A, Section C.2. and C.3 costs “must be reasonable; they must be allocable to sponsored agreements.... A cost may be considered reasonable if the nature of the goods or services acquired or applied, and the amount involved therefore, reflect the action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made. Major considerations involved in the determination of the reasonableness of a cost are: whether or not the cost is of a type generally recognized as necessary for the operation of the institution or the performance of the sponsored agreement....”

² Policy on “Cost Transfers,” Tufts University, Office of the Vice Provost for Research, states that the completed expense transfer form “must be signed by an authorized representative of each debit and credit account for the DeptID(s) or award(s) being used. The signatures certify the correctness of the transfer(s).” Additionally, for cost transfers over 90 days, the document states the justification must address, among other things, “. . . what action has been taken to correct systematic problems? (How will this type of error be avoided in the future?).” The policy further requires an explanation for all expense transfers involving sponsored awards, and explanation codes are listed on the expense transfer form.

- were supposed to be allocated to this NSF grant, rather than the PI’s normal research funds. The error was not discovered until the Department noted that another fund was overspent and that this grant had very few expenses charged to it.
- The NSF award was on its second no-cost extension when the costs were transferred to the award. The second no-cost extension notes that "funds will be used to organize and digitize sets of materials."
 - The explanatory memo provided as support for the cost transfer noted that the non-Federal award was overspent when the cost transfer was made to move the expenses to the NSF award.
 - There was no funding included in the budget for this travel.
 - The travel was not mentioned in the annual reports submitted to NSF.
 - Some charges were not travel-related. For these items, either adequate documentation was not provided,³ or they were charged in violation of Tufts’ policies for charging direct costs to sponsored projects.⁴

The transactions included in the \$3,467 are identified in Table 1 as follows:

Table 1. Description of Questioned and Unsupported Transactions Transferred to the NSF Award

	Description	Primary Reason Questioned	Amount Questioned or Unsupported
1	Conference in [REDACTED]	No benefit to award identified	\$ 1,228
2	Purchase from Best Buy	Unsupported	354
3	Foreign travel for trip to [REDACTED] for conference	No benefit to award identified	98
4	Purchase of books, films and materials for classes charged as travel	Not allocable to this award	260
5	Professional association membership and conference registration	Not allocable to this award	1,527
Total			\$ 3,467

Source: Auditor analysis of questioned transactions

The five questioned and unsupported transactions include:

- \$1,228 for travel expenses for the PI while attending a conference in [REDACTED] from February [REDACTED] 2014. Tufts did not provide documentation to support the benefit to the NSF award. The travel expenses were incurred in February 2014 and were not transferred

³ 2 CFR 220, Appendix A, Section A.2.e. states that “The accounting practices of individual colleges and universities must support the accumulation of costs as required by the principles, and must provide for adequate documentation to support costs charged to sponsored agreements.”

⁴ “Charging Expenses to Sponsored Awards” Guidance Document, Tufts University, Office of the Vice Provost for Research, Updated November 5, 2014

to the NSF award until June 2016; over two years after the actual costs were incurred. Included in the \$1,228 of questioned costs was \$134 for alcoholic beverages, which are unallowable per Federal regulations.⁵ Therefore, we conclude that, along with the unallowable charges, the conference charges provided no benefit to the award.

- \$354 for a purchase from Best Buy that was charged as domestic travel. Tufts did not provide documentation for this purchase. Actual costs were incurred over two years prior to the transfer onto the NSF award.
- \$98 for foreign travel expenses during a trip to [REDACTED] to participate in a conference. The actual costs were incurred approximately two years prior to the transfer onto the NSF award. This event was not mentioned as being attended by the PI in the project reports submitted to NSF, nor were any papers or lectures listed as being presented. Furthermore, no other costs for this event (airfare, meals and incidentals, lodging, etc.) were charged to the award. Therefore, it appears these costs were not allocable to this NSF award.
- \$260 for the purchase of books, films and other materials for classes and research that was charged to domestic travel. The actual costs were incurred approximately one to two years prior to the transfer onto the NSF award. The Tufts University guide to charging expenses to sponsored awards states that direct costs for books and journals should only be charged "if the book or journal is not available in the library and can be associated with the sponsored project with a high degree of accuracy." The expense report noted that the items would be used for both classes and research. Therefore, we conclude these costs should have been included in the Facilities and Administration pool rather than charged directly to this award.
- \$1,527 for a professional association membership for 2014 and 2015, and a 2015 conference registration that was charged as domestic travel. The actual costs were incurred approximately one year prior to the transfer onto the NSF award. Tufts did not provide adequate documentation that the cost incurred for this travel benefitted the NSF award. The conference was not mentioned as being attended by the PI in the project reports submitted to NSF, nor was any research identified as being presented by the PI.

The \$1,527 in questioned costs includes \$250 for professional memberships that should not be charged based on the Tufts University guide to charging expenses to sponsored awards. The guide states, "[m]embership dues, subscriptions, and professional activity fees are generally considered indirect costs." Under these guidelines, there were certain criteria that needed to be met for the charges to be allocable to a sponsored project; none of these criteria were met per our inquiry of Tufts.

Unreasonable Travel

We questioned four additional unreasonable travel transactions totaling \$11,959, charged to four NSF awards.

⁵ 2 CFR 220, Appendix A, Section J.3 states that "Costs of alcoholic beverages are unallowable."

- \$2,927 charged to one NSF award for travel expenses for the PI to attend a conference in [REDACTED] from October [REDACTED], 2014. The travel expense report was not completed until June 2015, eight months after the travel occurred and six months after the award expiration in December 2014. The late submission of the travel expense report violates Tufts' travel policies for timeliness.⁶ Additionally, the total trip expenses were allocated 55 percent to this NSF award and 45 percent to another federal award, but Tufts did not provide evidence supporting this allocation methodology, as required by Federal regulations.⁷ The award was on a no-cost extension at the time the travel occurred and neither the request for the no-cost extension, nor the final project report submitted to NSF mentioned this travel. Tufts could not demonstrate the travel costs were allocable to the award.
- \$642 for 50 percent of the airfare charged to one NSF award for a student to travel to [REDACTED] for a [REDACTED] and [REDACTED]. We questioned 50 percent of the airfare because approximately half of the trip was for personal time, and because Tufts' travel policies were not followed. The [REDACTED] took place from [REDACTED] [REDACTED] 2016, and the [REDACTED] was from [REDACTED], 2016. However, the itinerary for the airfare was from [REDACTED] to [REDACTED] 2016. The days of [REDACTED] were not included on the Tufts' expense report and therefore we concluded they were personal days. As required per the Tufts' travel policy "prior to travelling, all university travelers must receive the approval of their direct supervisor or financial/budget officer..."⁸ Tufts did not provide evidence of the travel authorization for this transaction.
- \$2,762 charged to one NSF award for travel expenses for the PI to attend a conference in [REDACTED]. Based on the following, we conclude that the travel was not necessary, reasonable, or prudent for the administration of the award:
 - The award was on its second no-cost extension when the costs were transferred to the award. The no-cost extension notes it "will allow for student work to continue on award. It will also allow for adequate preparation of future project related publications." Travel was not specifically noted on the no-cost extension.
 - The traveler did not directly present research related to the award at the conference. The conference was from March [REDACTED] 2016, however, based on the travel documents, it appears the PI attended only parts of the first two days of the conference. The conference fee charged to the award, \$380, was to cover attendance at the entire conference.
 - The traveler did not purchase airfare and conference registration until four days prior to the conference, leading us to question the necessity of the trip for this award.

⁶ Tufts Travel Policy (undated), states "Tufts University has, in IRS terms, what is known as an 'accountable plan.' Under this plan, travelers are required to substantiate (with original receipts) all expenses within a reasonable amount of time. As such, reimbursements are not subject to state or federal taxation. Conversely, expense reimbursements that do not meet these criteria will be treated as taxable income to the recipient. For the purpose of this policy, a 'reasonable' amount of time is considered to be within 60 days of completing the trip."

⁷ 2 CFR 215.21, Section (b)(6) ... Recipient's financial management systems shall provide for... written procedures for determining the reasonableness, allocability and allowability of costs....

⁸ Tufts Travel Policy (undated), *Travel Authorization*, states "Prior to traveling, all university travelers must receive the approval of their direct supervisor or financial/budget officer".

- \$5,628 charged to one NSF award for travel expenses for the PI to attend a conference in [REDACTED] in June 2014. Based on the following, we conclude that the travel was not necessary, reasonable, or prudent for the administration of the award:
 - The award was on a second no-cost extension when the costs were charged to the award. The no-cost extension notes, "The remaining funds will be used as initially planned during the final phase of this project, with the PI handling more of the scientific research himself without the assistance of a student. The scientific goals and expectations for the project remain the same, and comply with previously approved objectives." Since the travel was not specifically noted as part of the final phase of the project, it does not appear to be within the approved purpose of the no-cost extension.
 - There was no research disseminated by the PI at the conference. Furthermore, the event occurred at the end of the grant period, with less than two months remaining on the award. Therefore, we could not determine why attendance at this conference was necessary to meet award objectives.

Tufts' personnel did not adequately review the expenditures charged to the NSF awards, which resulted in unreasonable travel and related charges. Without a process in place to ensure costs are reasonable and allowable, there is the increased risk that funds may not be used as required to accomplish the necessary project objectives in accordance with Federal requirements.

Recommendations

We recommend that the NSF's Division of Institution and Award Support (DIAS) direct Tufts to:

1. Resolve the \$15,426 of questioned and unsupported costs.
2. Strengthen the administrative and management controls and processes over travel expenditures.

Summary of Awardee Response

Tufts concurred with the \$3,467 of unreasonable travel and has agreed to reimburse NSF. Tufts indicated that research administration support and resulting oversight for the PI's department has been strengthened since the time the charges were made. For the remaining \$11,959, Tufts agreed to reimburse NSF for this amount, but Tufts maintains that adequate evidence of allocability, accountability and reasonableness was provided. Further, Tufts instituted a new Travel Card Policy in 2017 to enhance timeliness of processing travel expenditures.

See Appendix A for the complete Tufts response.

Auditors' Additional Comments

Tufts' comments are responsive to this finding. Once NSF determines that the recommendations have been adequately addressed and the \$15,426 in questioned costs have been returned, this finding should be closed.

Finding 2: Participant Support Costs

We identified several participant support costs that were not allowable for the awards charged and were not in compliance with NSF requirements.

Unallowable Participant Support Costs

We questioned two transactions totaling \$1,787 charged to two NSF awards for unallowable participant support costs.

We questioned \$1,510 for the purchase of computers and tablets for participants that were not used on the NSF award charged. In November 2013, Tufts purchased 10 additional MacBook Air laptop computers, the related warranties, and 10 additional iPad Mini tablets, to enable teachers participating in the project to study their interaction with students. Based on our inquiry of Tufts, one of the computers and tablets was not provided to a participant, but rather was used by the technology personnel from Tufts. The participant support budget category is defined in NSF's applicable General Grant Conditions as "direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with meetings, conferences, symposia or training projects.[...]Funds provided for participant support may not be used by grantees for other categories of expense without specific prior written approval of the cognizant NSF Program Officer."⁹ Tufts did not provide written NSF approval to reassign these costs that were not used by participants.

Additionally, we questioned \$277 charged to one NSF award for gift cards not utilized on the project. Tufts purchased 145 gift cards valued at \$20 each for participant incentives; only 134 of the 145 cards were issued to participants, 11 cards were unused. As a result of our audit, Tufts agreed to move a total of \$277 off the NSF award and will issue a check to NSF to refund this amount.

Miscoded Participant Support Costs

We questioned \$599 for indirect costs charged on a participant support transaction that was miscoded as travel costs. A total of \$1,120 of direct costs were incurred in July 2014 for a workshop hosted by Tufts. These costs were recorded to a travel account, which resulted in \$599 of indirect costs being automatically applied. NSF's Research Terms and Conditions¹⁰ prohibits indirect costs from normally being applied to participant support costs, which is where these costs should have been charged. During our audit fieldwork, Tufts agreed to reclassify these

⁹ NSF General Grant Conditions (GC-1), Article 7, Effective January 4, 2010

¹⁰ NSF Research Terms & Conditions, Agency Specific Requirements, Article 12 *Participant Support Costs*, Effective October 1, 2010 states, "participant support costs are direct costs for items such as stipends or subsistence allowances, travel allowances and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with meetings, conferences, symposia or training projects. [. . .] Grantee organizations must account for participant support costs separately. Note: No indirect costs normally may be charged against participant support costs."

costs to participant support, which would result in the indirect costs being removed from this award.

Tufts' personnel did not adequately review the participant support expenditures charged to the NSF awards, which resulted in unallowable costs. Without a process in place to ensure costs are allowable, there is the increased risk that funds may not be used as required to accomplish the necessary project objectives in accordance with NSF requirements.

Recommendations

We recommend that the NSF's DIAS direct Tufts to:

1. Resolve the \$2,386 of questioned costs.
2. Strengthen the administrative and management controls and processes over the recording of participant support costs, particularly, accounting for the distribution of purchases to be provided to participants and the coding of participant support as other expenses where indirect costs are applied.

Summary of Awardee Response

Tufts generally agrees with this finding as follows:

Tufts agrees that the \$1,510 for computer equipment should not have been budgeted under participant support and will seek approval from NSF to account for it as supplies instead of participant support.

Tufts agrees that the \$277 for gift cards not utilized should be disallowed and has already reimbursed NSF for this expense. Tufts' procedures for management of incentive gift cards were updated in 2017 to strengthen oversight.

Tufts agrees that \$599 in participant support costs were miscoded and will correct the coding of these charges.

See Appendix A for the complete Tufts' response.

Auditors' Additional Comments

Our conclusion remains unchanged concerning the \$1,510 of computer equipment. Tufts did not receive approval to rebudget funds from participant support costs as required by NSF policy. As such, our position remains unchanged. Additionally, NSF should verify that the \$277 and \$599 have been reimbursed or credited before this finding is closed.

Finding 3: Unreasonable Meal and Visa Costs

We questioned \$2,649 charged to two NSF awards for costs that were deemed to be unallowable or excessive.

1. Unallowable Meal Costs

Tufts charged an NSF award for meal costs totaling \$1,327 (\$1,229 direct costs plus \$98 indirect costs) for an advisory board dinner. We questioned \$977 of these costs as either unallowable or excessive. Specifically, the \$1,229.40 (\$102.45 per attendee) was spent to provide dinner for 12 attendees in Cambridge, Massachusetts in May 2015. However, it appears that there were only 10 attendees at the dinner, including the spouse of one of the attendees. Tufts was obligated to pay for 12 people, since that was the number they guaranteed in their contract with the restaurant. Therefore, we find the following charges to be unallowable:

Table 2. Description of Unallowable Meal Charges

Description	Rate	Direct Cost Questioned	Reason Questioned
2 participants not attending	102.45	\$ 204.90	No benefit to award
Spouse of 1 attendee	102.45	102.45	Dinner for spouse no benefit to award
Subtotal direct costs		\$ 307.35	

For the remaining 9 attendees, we find the meal costs actually charged to be excessive, using the General Services Administration’s (GSA) per diem rates as a guideline to determine reasonableness. GSA’s, Meals and Incidental Expense rate in Cambridge, Massachusetts in May 2015, was \$71. Per the Meals and Incidental Expense Breakdown, the allocation of this amount for dinner was \$36.00 per attendee. We find the amount in excess of the GSA rate to be unreasonable, as follows:

Amount charged per attendee	\$102.45
Less: amount deemed reasonable per attendee	(\$36.00)
Unreasonable Amount	<u>\$66.45</u>
Number of attendees	x 9
Amount determined to be unreasonable	<u>\$598.05</u>

Tufts’ conference (meeting) hosting policies states that conference hosts must exercise discretion and judgment in ensuring that conference costs are appropriate, necessary, and managed in a manner that minimizes costs to the Federal award.¹¹ Therefore, we question a total of \$905 of direct costs (\$307 + \$598) plus \$72 indirect costs (\$905 x 8%), for a total of \$977.

¹¹ “Charging Expenses to Sponsored Awards” Guidance Document, Tufts University, Office of the Vice Provost for Research, Updated November 5, 2014

2. Unreasonable Visa Processing Fees

We questioned \$1,672 charged to one award for premium processing fees paid to expedite an H-1B Visa application for an individual for a post-doctoral position. Tufts was unable to support the necessity of expediting the processing of the Visa application for this individual and, therefore, we are questioning these unreasonable additional fees.¹²

Tufts' personnel did not adequately review the expenditures charged to the NSF awards, which resulted in excessive costs. Without a process in place to ensure costs are reasonable and allowable, there is the increased risk that funds may not be used as required to accomplish the necessary project objectives in accordance with Federal and NSF requirements.

Recommendations

We recommend that the NSF's DIAS direct Tufts to:

1. Resolve the \$2,649 of questioned costs.
2. Strengthen the administrative and management controls and processes over reviewing the reasonableness of costs, especially related to meals for participants and Visa premium processing fees.

Summary of Awardee Response

Tufts agrees to reimburse the unallowable meals totaling \$977.

Tufts disagrees that the \$1,672 of premium processing fees should be disallowed. Tufts deemed it reasonable and necessary to pay for expedited processing, because the delays caused by standard processing would have affected the start date of the postdoctoral associate and would have negatively impacted the project.

See Appendix A for the complete Tufts response.

Auditors' Additional Comments

Tufts comments relating to the \$977 unreasonable meals is responsive to the issue and NSF should verify the funds have been reimbursed or credited.

Our conclusion remains unchanged concerning the \$1,672 of premium processing fees. The additional information provided by Tufts does not change our view that these costs do not appear reasonable and these costs could have been avoided with more prudent planning or other alternatives.

¹² According to 2 CFR 220, Section C, to be allowable for a federal grant, a cost must be allocable to the federal award and be necessary and reasonable for the administration and performance of the award. Furthermore, Appendix A, Sections C.2 and C.3, state that a cost must be reasonable to be allowable and provide that a reasonable cost is one that a "prudent person" would have incurred under similar circumstances.

WithumSmith+Brown, PC

WithumSmith+Brown
September 26, 2018

Appendix A: Awardee Response



Office of the Vice Provost for Research
Research Administration and Development

July 30, 2018

[REDACTED]
Senior Manager
WilthumSmith+Brown, PC

RE: Tufts University Audit of Incurred Costs for National Science Foundation Awards for the period of July 1, 2013 to June 30, 2016

Tufts University appreciates the opportunity to review and provide comments on the official draft report. The support provided by the National Science Foundation (NSF) for research conducted at Tufts continues to enable the progress of science, research, and education. Tufts takes very seriously its stewardship over the NSF funding, and over Federal research funding in general.

Below are our responses addressing the findings in the report.

Finding 1 - \$15,426 Unreasonable Travel and Related Charges

Unreasonable PI Principal Investigator Travel and Other Expenses Transferred to NSF Award, totaling \$3,467

We will reimburse NSF the amount of \$3,467.

Research administration support and resulting oversight for the PI's department has been strengthened since the charges were made.

Unreasonable Travel, totaling \$11,959

We will reimburse the NSF this amount. While we concur with the disallowance, we continue to maintain that adequate evidence of allocability, accountability, and reasonableness was provided for all costs totaling \$11,959.

A new formal [Travel Card Policy](#) was implemented on May 3, 2017 to enhance timeliness of processing travel expenditures at Tufts. The new policy imposes time limits on substantiating Travel Card expenses.

Finding 2 -\$2,386 Unallowable Participant Support Costs

Unallowable Participant Support Costs, totaling \$1,787

We agree that the amount of \$1,510 should not have been budgeted under Participant Support Costs. Given that the purchased computer and tablet were necessary for support of the technology used by the participants on this award, Tufts University will seek approval from NSF to account for \$1,510 on Supplies rather than the Participant Support category.

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MAILING ADDRESS: 136 Harrison Avenue, 75K623, Boston, MA 02111
TEL: 617.636.6550 | FAX: 617.636.2917

We agree that \$277 charged to one NSF award for gift cards not utilized on the project should be disallowed and have already reimbursed NSF for this expense. Tufts [procedures](#) for management of research incentive gift cards were amended as of September 15, 2017 to strengthen oversight.

Miscoded Participant Support Costs, totaling \$599

We concur that \$599 in participant support costs have been incorrectly coded and will correct the coding of the charges.

Finding 3 - \$2,649 Unreasonable Meal and Visa Costs

Unallowable Meal Cost, totaling \$977

We will reimburse this amount to the NSF.

Unreasonable Visa Processing Fees, totaling \$1,672

Tufts does not agree that costs of \$1,672 for premium visa processing fees should be disallowed. Tufts deemed it reasonable and necessary to pay for expedited visa processing because at the time (2013), standard visa processing time took an average of nine months. Such a delay with the start date of the postdoctoral associate would have negatively impacted the project. Of note, given the delays with visa processing in 2013, Tufts International Center advised premium processing for all visas sought by Tufts. We respectfully request additional consideration of the costs in the amount of \$1,672.

Sincerely,

[REDACTED]

[REDACTED]

Associate Vice Provost
Research Administration & Development

Appendix B: Objective, Scope, Methodology, and Criteria

Objective

To determine if costs claimed by Tufts on NSF awards are allowable, allocable, reasonable, and in compliance with NSF award terms and conditions and Federal financial assistance requirements.

Scope

Our audit included assessing the allowability, allocability, and reasonableness of costs claimed by Tufts through the Award Cash Management Service for the 3-year period beginning July 1, 2013 to June 30, 2016. We obtained from Tufts all award transactions comprising all costs claimed to NSF during this period. This provided an audit universe of more than \$41 million, in more than 40,000 transactions, across 193 individual NSF awards. For transaction testing, we judgmentally selected 250 transactions totaling more than \$4.4 million and utilized a data analytics approach to identify potential risk areas.

The audit work was conducted at the auditors' offices; at NSF's former headquarters in Arlington, Virginia; and on-site at Tufts in Medford, Massachusetts. On-site fieldwork was conducted during April and May 2017.

This performance audit was conducted in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the conclusions based on the audit objective. The auditors believe that the evidence obtained provides a reasonable basis for the conclusions based on the audit objective.

Methodology

Our work required reliance on computer-processed data obtained from Tufts and NSF. At our request, Tufts provided detailed transaction data for all costs charged to NSF awards during our audit period. We also extracted award data directly from NSF's various data systems. To select transactions for further review, we designed and performed automated tests of Tufts and NSF data to identify areas of risk and conducted detailed reviews of transactions in those areas.

We assessed the reliability of the data provided by Tufts by: 1) comparing costs charged to NSF award accounts within Tufts' accounting records to reported net expenditures, as reflected in Tufts' financial reports submitted to NSF for the corresponding periods; 2) performing general ledger to sub-ledger reconciliations of accounting data; and 3) reviewing and testing the parameters Tufts used to extract transaction data from its accounting records and systems.

Based on our testing, we found Tufts' computer-processed data sufficiently reliable for the purposes of this audit. We did not review or test whether the data contained in, or controls over, NSF's databases were accurate or reliable; however, the independent auditors' report on NSF's

financial statements for fiscal years 2014, 2015 and 2016 found no reportable instances in which NSF's financial management systems did not substantially comply with applicable requirements.

In assessing the allowability of costs claimed to NSF by Tufts, we also gained an understanding of the internal controls applicable to the scope of this audit through interviews with Tufts, review of policies and procedures, and conducting walkthroughs as applicable.

Criteria

We assessed Tufts' compliance with its internal policies and procedures, as well as the following:

- 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*;
- 2 CFR Part 220, *Cost Principles for Educational Institutions* (OMB Circular A-21);
- 2 CFR Part 215, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations* (OMB Circular A-110);
- NSF General Grant Conditions (GC-1);
- NSF Research Terms and Conditions
- NSF Proposal and Award Policies and Procedures Guide (includes the *Grant Proposal Guide* and *Award and Administration Guide*)
- NSF Award Specific Terms and Conditions; and
- NSF Federal Demonstration Partnership Terms and Conditions.

Appendix C: Questioned and Unsupported Costs Summary by Award

Award Number	Direct Costs	Indirect Costs	Total Questioned	Total Unsupported
Finding 1 – Unreasonable Travel and Related Charges				
	\$ 3,667	\$ 1,961	\$ 5,628	\$ --
	2,472	641	3,113	354
	1,907	1,020	2,927	--
	1,799	963	2,762	--
	642	--	642	--
Finding 1 Total	\$ 10,487	\$ 4,585	\$ 15,072	\$ 354
Finding 2 – Participant Support Costs				
	\$ 1,510	\$ --	\$ 1,510	\$ --
	--	599	599	--
	220	57	277	--
Finding 2 Total	\$ 1,730	\$ 656	\$ 2,386	\$ --
Finding 3 – Excessive Costs				
	\$ 1,225	\$ 447	\$ 1,672	\$ --
	905	72	977	--
Finding 3 Total	\$ 2,130	\$ 519	\$ 2,649	\$ --



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