



National Science Foundation • Office of Inspector General  
2415 Eisenhower Avenue, Alexandria, Virginia 22314

## MEMORANDUM

**DATE:** July 16, 2019

**TO:** Dale Bell  
Director  
Division of Institution and Award Support

Jamie French  
Director  
Division of Grants and Agreements

**FROM:** Mark Bell [REDACTED]  
Assistant Inspector General  
Office of Audits

**SUBJECT:** OIG Project No. 19-6-002, Alert Memo Regarding University of Delaware's NSF EPSCoR Award

In February 2019, we initiated an audit of the National Science Foundation's (NSF) *Established Program to Stimulate Competitive Research* (EPSCoR) awards, OIG project No. 18-E-1-016. The objective of the audit is to determine if NSF is ensuring awardees are complying with NSF and Federal requirements in the administration of EPSCoR awards. The EPSCoR audit is ongoing; however, we are issuing this memo as a routine activity to alert you to a matter regarding the University of Delaware (Delaware). Specifically, we found that Delaware's accounting records did not support \$166,335.79 of costs charged to the NSF EPSCoR award. Delaware has since repaid the \$166,335.79.

This memo contains one recommendation. 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 recommendation noted in this memo. Please provide a written response resolving the recommendation to NSF OIG by January 16, 2019.

### **Cost Variances on Delaware's EPSCoR Award**

The mission of EPSCoR is to advance excellence in science and engineering research and education to achieve sustainable increases in research, education, and training capacity and competitiveness that will enable EPSCoR jurisdictions to have increased engagement in areas supported by NSF. Track 1 EPSCoR awards provide state-wide infrastructure enhancements to improve academic research competitiveness. In 2013, Delaware received an EPSCoR Track 1 award in the amount of \$20 million.

On March 22, 2019, we notified Delaware that we had selected the EPSCoR award as part of our sample and requested a meeting to discuss Delaware’s policies and procedures, as well as NSF’s EPSCoR guidance. In preparation for this meeting, we also requested that Delaware provide us with a summary of costs incurred since the beginning of the award.

Delaware provided the requested award expenditures data on March 29, 2019. We sought to reconcile the total expenditures reported by Delaware in its financial records with total expenditures reported for the award in NSF’s Award Cash Management Service (ACM\$).

Delaware’s expenditure report for the award showed total expenditures of \$19,833,130.16. Total expenditures reported in ACM\$ were \$19,999,465.95. We calculated a variance of \$166,335.79 between the expenditure report received from Delaware and the amounts identified in ACM\$.

	<b>Amount</b>
<b>University of Delaware Expenditures</b>	\$19,833,130.16
<b>ACM\$ Expenditures</b>	\$19,999,465.95
<b>Variance</b>	<b>\$166,335.79</b>

We asked Delaware to identify the cause of the variance. Delaware stated that it had mistakenly allocated indirect costs against participant support expenses. We did not perform any testing to determine the cause of the variance; however, Delaware said this occurred because it used an incorrect participant support account code during the setup of indirect costs in its tracking system. Delaware said that it fixed this issue with an upgrade to another tracking system in May 2018.

**Recommendation**

As a result of our work, Delaware repaid \$166,335.79 to NSF. We confirmed that ACM\$ showed a repayment of \$166,335.79 on April 30, 2019. NSF’s Division of Financial Management confirmed on July 10, 2019, that Delaware’s cumulative cash disbursements for the award are \$19,833,130.16, which matches Delaware’s expenditure report.

We recommend the Director of the Division of Institution and Award Support take any additional action needed to resolve and close this matter including determining whether the incorrect account coding in Delaware’s system caused indirect cost misallocation on other NSF awards.

If you have any questions, please contact Elizabeth Kearns, Director, Audit Execution, at (703) 292-8384.

cc:     Christina Sarris           Allison Lerner           Deidre Coates           Kelly Stefanko  
           Rochelle Ray                Lisa Vonder Haar       Philip Emswiler         Karen Scott  
           Carrie Davison            Dan Buchtel             Loretta Moore  
           Jason Madigan            Elizabeth Kearns        Ken Chason  
           Jennifer Miller            Brittany Moon           Jeanne Small