



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

MEMORANDUM

DATE: June 10, 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 Audit

SUBJECT: OIG Report No. 19-6-001, Alert Memo Regarding University of South Carolina at Columbia NSF Award No. [REDACTED]

In February 2019, we initiated an audit of NSF's Established Program to Stimulate Competitive Research (EPSCoR), 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 that warrants your attention. Specifically, we found that the University of South Carolina at Columbia (USC) did not maintain accounting records to support \$83,388 of costs charged to NSF EPSCoR Award No. [REDACTED] and has agreed to refund this amount to NSF.

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 December 7, 2019.

Unsupported Costs on USC EPSCoR Award [REDACTED]

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 the NSF. Track 1 EPSCoR awards provide state-wide infrastructure enhancements to improve academic research competitiveness. In [REDACTED], USC received an EPSCoR Track 1 award (No. [REDACTED]) in the amount of \$ [REDACTED].

On February 28, 2019, we notified USC that we had selected EPSCoR Award No. [REDACTED] as part of our sample and requested a meeting to discuss USC's policies and procedures, as well as NSF's EPSCoR guidance. In preparation for this meeting, we also requested that USC provide us with a summary of costs incurred since the beginning of the award.

USC provided the requested data on award expenditures on March 21, 2019. We sought to reconcile the total expenditures reported by USC in its financial records with total expenditures reported for the award in NSF's Award Cash Management Service (ACM\$).

USC's expenditure report showed total expenditures for Award No. [REDACTED] of \$8,908,377.64. Total expenditures reported in ACM\$ were \$8,991,765.36. We calculated a variance of \$83,388 between the expenditure report received from USC and the amounts identified in ACM\$.

	Amount
ACM\$ Expenditures	8,991,765.36
University of South Carolina Expenditures	8,908,377.64
Variance	83,388

We reached out to USC to identify the cause of the variance. USC reviewed its General Ledger and confirmed that the expenditure report it provided to us, showing total award expenditures of \$8,908,377.64, agreed with its General Ledger. USC agreed with our conclusion that it did not have sufficient expenditures in its accounting records to support the amount drawn in ACM\$. We did not perform any testing to determine the cause of the variance; however, USC said the variation was caused by the implementation of a new accounting system. USC recognized that a refund is due NSF and has requested guidance on how to return the \$83,388 of unsupported costs.

Recommendation

We recommend the Director of the Division of Institution and Award Support resolve the \$83,388 of unsupported costs, and direct USC to repay or otherwise remove sustained unsupported costs from its NSF award.

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

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