



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

**MEMORANDUM**

**DATE:** September 10, 2020

**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. 20-6-002, Management Notification Memo Regarding University of Wyoming Charging Indirect Costs to Participant Support

In July 2019, we initiated an audit of NSF's Established Program to Stimulate Competitive Research (EPSCoR) awards at the University of Wyoming (UW). The objective of the audit is to determine if costs claimed on these awards were allowable, allocable, reasonable, and in conformity with NSF award terms and conditions and applicable Federal requirements. This audit is ongoing; however, we are issuing this routine activity memo to alert you to a matter that warrants your attention. We identified that UW incorrectly allocated \$34,195 of indirect costs to participant support expenditures on three NSF awards (one EPSCoR and two non-EPSCoR). When we shared this information with UW, it told us it was already aware of the issue, should not have charged the costs to the NSF awards, and had already initiated corrective action in 2019 to remove the improper charges. However, due to an oversight, \$20,776 of the incorrectly allocated costs remained charged to the NSF awards. UW agreed to correct this oversight.

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.

## **Indirect Costs Incorrectly Applied to Participant Support**

Award Terms and Conditions<sup>1</sup> and a Federal regulation<sup>2</sup> prohibit allocation of indirect costs to amounts claimed by recipients for participant support. We compared the indirect costs UW applied to its EPSCoR awards with the amount it should have claimed and found a variance of \$14,264. UW said it was already aware that it incorrectly added participant support to the list of expenses receiving indirect cost allocations in July 2018 and had already adjusted \$13,419 of the \$14,264 overcharged to the award. However, because of an oversight, \$845 of the incorrectly allocated costs remained charged to the award.

We also found that UW allocated indirect costs to participant support on two other NSF awards. Specifically, UW claimed \$18,958 of indirect costs allocated to participant support on Award No. [REDACTED], and \$973 of similar indirect costs on Award No. [REDACTED]. Although UW agreed to correct these discrepancies, it had not done so as of July 20, 2020.

UW adjusted its accounting system to remove participant support from the list of costs that receive indirect cost allocations for current and future NSF awards.

## **Recommendations**

We recommend the Director, Division of Institution and Award Support:

Resolve UW's \$20,776 of questioned indirect costs claimed on participant support on NSF Award Nos. [REDACTED] (\$845), [REDACTED] (\$18,958), and [REDACTED] (\$973) and direct UW to repay or otherwise remove the sustained questioned costs from its NSF awards.

If you have any questions, please contact Elizabeth Kearns, Director, Audit Execution, at 703.292.8384.

cc:	Christina Sarris	Allison Lerner	Kelly Stefanko	Anneila Sargent
	Rochelle Ray	Lisa Vonder Haar	Jose Colom-Ustariz	John Veysey
	Carrie Davison	Dan Buchtel	Loretta Moore	Ann Bushmiller
	Jason Madigan	Elizabeth Kearns	Ken Chason	Deidre Coates
	Tim VanReken	Jennifer Miller	Emma Bright	Phil Emswiler

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<sup>1</sup> The three NSF awards cited in this report ([REDACTED], [REDACTED], and [REDACTED]) incorporate terms that state indirect costs cannot be allocated to participant support costs. For Award No. [REDACTED], the relevant term is in Section 7.a of NSF's Cooperative Agreement Financial & Administrative Terms and Conditions (CA-FATC), effective January 4, 2010. For Award No. [REDACTED], it is in Article 13.a of NSF's Research Terms & Conditions, effective October 11, 2017. For Award No. [REDACTED], the relevant term is in Article 13 of NSF's Research Terms & Conditions, effective March 7, 2014.

<sup>2</sup> 2 CFR 200.68 states that Modified Total Direct Costs, to which indirect costs are allocated, must exclude participant support costs.