

Performance Audit of the Implementation of OMB COVID-19 Flexibilities – University of Central Florida

REPORT PREPARED BY COTTON & COMPANY LLP

NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL

May 27, 2021
OIG 21-1-015





AT A GLANCE

Performance Audit of the Implementation of OMB COVID-19 Flexibilities –
University of Central Florida

Report No. OIG 21-1-015

May 27, 2021

AUDIT OBJECTIVE

The National Science Foundation Office of Inspector General engaged Cotton & Company LLP (C&C) to conduct a performance audit of the implementation of Office of Management and Budget (OMB) Coronavirus Disease 2019 (COVID-19) flexibilities at the University of Central Florida (UCF) for the period March 1 to September 30, 2020. The auditors tested approximately \$380,000 of the more than \$14.8 million of costs claimed to NSF. The audit objective was to determine if UCF used the administrative COVID-19 flexibilities authorized by OMB and, if so, whether UCF complied with the associated guidelines. See Appendix E for the audit's objective, scope, and methodology.

AUDIT RESULTS

The report highlights that there were no exceptions identified with UCF's use of the administrative flexibilities granted through NSF's implementation of OMB Memoranda M-20-17, M-20-20, and M-20-26, as detailed in Appendix A. Although the auditors did not identify any exceptions related to UCF's use of the COVID-19 flexibilities, they did identify one area in which UCF could improve its administration of flexibility-related expenses charged to NSF awards related to monitoring of travel credits. The auditors also identified concerns about UCF's compliance with certain Federal and NSF regulations, NSF award terms and conditions, and organizational policies not related to the COVID-19 flexibilities. The auditors questioned \$294 of costs claimed by UCF during the audit period. Specifically, the auditors identified \$134 in over-applied fringe benefit rates and \$160 in unallowable expenses. Within those findings the auditors also noted compliance exceptions related to uncertified effort on Federal awards and insufficient retention of supporting documentation. C&C is responsible for the attached report and the conclusions expressed in it. NSF OIG does not express any opinion on the conclusions presented in C&C's audit report.

RECOMMENDATIONS

The auditors included one area of improvement and two findings in the report with associated recommendations for UCF to provide documentation supporting it has repaid or credited the questioned costs and to ensure UCF strengthens administrative and management controls.

AUDITEE RESPONSE

UCF partially agreed with the finding in the report. UCF's response is attached in its entirety as Appendix D.

FOR FURTHER INFORMATION, CONTACT US AT OIGPUBLICAFFAIRS@NSF.GOV.



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

MEMORANDUM

DATE: May 27, 2021

TO: Dale Bell
Director
Division of Institution and Award Support

Jamie French
Director
Division of Grants and Agreements
[REDACTED]

FROM: Mark Bell
Assistant Inspector General
Office of Audits

SUBJECT: Audit Report No. 21-1-015, University of Central Florida

This memorandum transmits the Cotton & Company LLP (C&C) report for the audit of the implementation of Office of Management and Budget (OMB) Coronavirus Disease 2019 (COVID-19) flexibilities at the University of Central Florida (UCF) for the period March 1 to September 30, 2020. The audit encompassed approximately \$380,000 of the more than \$14.8 million claimed to NSF during the period. The objective of the audit was to determine whether UCF used the administrative COVID-19 flexibilities authorized by OMB and, if so, whether UCF complied with the associated guidelines. A full description of the audit's objective, scope, and methodology is attached to the report as Appendix E.

Please coordinate with our office during the 6-month resolution period, as specified by OMB 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 of the Audit

C&C 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 C&C's audit report. To fulfill our responsibilities, we:

- reviewed C&C'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 C&C, as necessary, to discuss audit progress, findings, and recommendations;
- reviewed the audit report prepared by C&C; and
- coordinated issuance of the audit report.

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 Jae Kim at 703.292.7100 or OIGpublicaffairs@nsf.gov.

Attachment

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**PERFORMANCE AUDIT OF THE
UNIVERSITY OF CENTRAL FLORIDA TRUSTEES'
IMPLEMENTATION OF THE
OFFICE OF MANAGEMENT AND BUDGET
CORONAVIRUS DISEASE 2019 FLEXIBILITIES**

**NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL**

TABLE OF CONTENTS

I. BACKGROUND1

II. AUDIT RESULTS2

III. AREA FOR IMPROVEMENT3

 AREA FOR IMPROVEMENT: MONITORING OF TRAVEL CREDITS.....3

IV. AUDIT FINDINGS.....4

 FINDING 1: FEDERAL EFFORT NOT APPROPRIATELY CERTIFIED4

 FINDING 2: UNALLOWABLE EXPENSES.....7

APPENDIX A: UNIVERSITY OF CENTRAL FLORIDA TRUSTEES’ IMPLEMENTATION OF OMB AND NSF’S COVID-19 FLEXIBILITIES10

APPENDIX B: UNIVERSITY OF CENTRAL FLORIDA TRUSTEES’ OMB FLEXIBILITY SURVEY RESPONSE14

APPENDIX C: SCHEDULE OF QUESTIONED COSTS BY FINDING.....17

APPENDIX D: UNIVERSITY OF CENTRAL FLORIDA TRUSTEES’ RESPONSE19

APPENDIX E: OBJECTIVES, SCOPE, AND METHODOLOGY.....26

**NATIONAL SCIENCE FOUNDATION
 PERFORMANCE AUDIT OF THE UNIVERSITY OF CENTRAL FLORIDA TRUSTEES’
 IMPLEMENTATION OF THE OFFICE OF MANAGEMENT AND BUDGET
 CORONAVIRUS DISEASE 2019 FLEXIBILITIES**

I. BACKGROUND

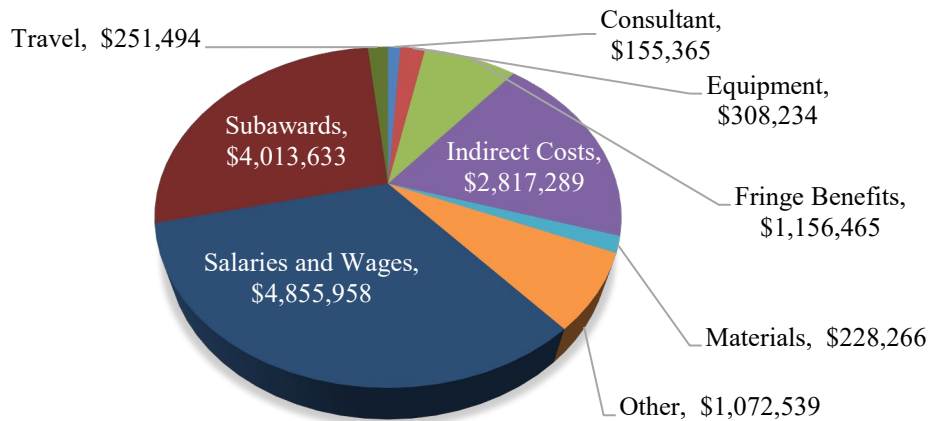
The National Science Foundation is an independent Federal agency created by Congress in 1950 “[t]o promote the progress of science; to advance the national health, prosperity, and welfare; to secure the national defense; and for other purposes” (Pub. L. No. 81-507).

In response to the Coronavirus Disease 2019 (COVID-19) pandemic, the Office of Management and Budget (OMB) issued memoranda that provided temporary administrative flexibilities for Federal financial assistance awards. Subsequently, NSF published a variety of additional guidance for NSF awardees regarding how to implement these flexibilities, as outlined in the Objectives, Scope, and Methodology section of this report (**Appendix E**).

Recognizing the need to ensure NSF award recipients properly implemented these flexibilities, the NSF Office of Inspector General engaged Cotton & Company LLP (referred to as “we”) to conduct a limited-scope performance audit to determine whether the University of Central Florida Trustees (UCF) implemented the administrative flexibilities and, if so, whether it complied with the associated guidelines.

In performing this audit, we gathered and reviewed general ledger (GL) detail that supported more than \$14.8 million in expenses that UCF claimed on 180 NSF awards during our audit period of performance of March 1 to September 30, 2020, as illustrated in Figure 1.

Figure 1. Costs Claimed by NSF Budget Category, March 1 through September 30, 2020¹



Source: Auditor analysis of accounting data provided by UCF.

¹ The \$14,859,243 in award-related expenses reported in UCF’s GL is less than the \$14,885,466 reported in NSF’s Award Cash Management Service (ACMS); however, because UCF was able to provide justifications to support the discrepancies identified, we determined that the GL data was appropriate for the purposes of this engagement.

This performance audit, conducted under Order No. 140D0420F0649, was designed to meet the objectives identified in the Objectives, Scope, and Methodology section of this report (**Appendix E**) and was conducted in accordance with *Generally Accepted Government Auditing Standards* (GAGAS), 2018 Revision, issued by the Comptroller General of the United States. We communicated the results of our audit and the related findings and recommendations to UCF and NSF OIG. We included UCF's response to this report in its entirety in **Appendix D**.

II. AUDIT RESULTS

We did not identify any exceptions with regard to UCF's use of the administrative flexibilities granted through NSF's implementation of OMB Memoranda M-20-17, M-20-20, and M-20-26 (referred to as "COVID-19 flexibilities"), as detailed in **Appendix A**. Within the limited scope of our testing, we were able to gain an understanding of UCF's implementation of the flexibilities and did not identify any instances in which UCF did not comply with the associated guidelines, as summarized below.

UCF did not specifically track the expenses that it incurred under the COVID-19 flexibilities within its accounting system; however, we gained an understanding of how UCF implemented these COVID-19 flexibilities, including how the implementation process fit within UCF's overall grant management environment, by conducting a series of interviews with UCF staff. Based on this understanding and UCF's responses to the OMB flexibilities survey included in **Appendix B**, we tailored our data analytics sampling approach to enable us to select 30 transactions that UCF incurred in accordance with the COVID-19 flexibilities, or that we identified as high risk for other related reasons.

We tested the 30 transactions sampled, which represented \$379,223² in costs that UCF charged to NSF awards during the audit period, and identified two examples in which UCF used the COVID-19 flexibilities that OMB granted and NSF implemented, as follows:

- UCF charged NSF Award No. [REDACTED] for \$11,800 in lodging, rental car, gas, taxi, meal, and airfare expenses that the [REDACTED] for Science & Operations of the Arcicibo Observatory incurred while confined in [REDACTED] from March 9 to August 23, 2020, as a result of COVID-19 travel restrictions and visa issues.
- UCF charged NSF Award No. [REDACTED] for \$4,917 in salary expenses paid to a communications specialist for time spent planning a conference that was cancelled due to COVID-19.

Although these expenses are not typically allowable on NSF awards, because these costs relate to the cancellation of events and other activities that were necessary and reasonable for the performance of these awards, consistent with the requirements of flexibility 7 of OMB

² The \$379,223 represents the total value of the 30 transactions selected for transaction-based testing. It does not represent the dollar base of the total costs reviewed during the audit.

Memorandum M-20-17,³ we did not note any exceptions with regard to UCF's use of this flexibility.

Although we did not identify any exceptions with regard to UCF's use of the COVID-19 flexibilities, we did identify one area in which UCF could improve its administration of flexibility-related expenses charged to NSF awards:

- Monitoring of travel credits.

We also determined that UCF needs improved oversight of expenses charged to NSF awards to ensure costs not related to the COVID-19 flexibilities are reasonable, allocable, and allowable in accordance with all relevant Federal regulations and NSF award terms and conditions. Specifically, we identified and questioned \$294 of direct and indirect costs associated with our two audit findings, including:

- Uncertified salary expenses and inappropriately applied fringe benefits.
- Unallowable expenses.

We discuss the area for improvement and two findings in the *Area for Improvement* and *Audit Findings* sections below.

III. AREA FOR IMPROVEMENT

For the purposes of this report, an “area for improvement” is a condition that does not necessarily constitute a policy violation but that warrants UCF's and NSF's attention to ensure future costs claimed comply with all relevant regulations.

Area for Improvement: Monitoring of Travel Credits

Under its current monitoring procedures, UCF could use travel credits to pay for travel that does not benefit the project(s) to which it charged the original travel expenses.⁴ Specifically:

- Although UCF stated that it would remove costs associated with a cancelled trip if it received travel credits for that trip that were not used to reschedule project-related travel, UCF did not implement any formal monitoring procedures to ensure those travel credits were used to benefit the original NSF award(s) charged.

³ OMB Memorandum M-20-17, Flexibility 7. *Allowability of Costs not Normally Chargeable to Awards* states that recipients who incur costs related to the cancellation of events, travel, or other activities that are necessary and reasonable for the performance of the award, or the pausing and restarting of grant-funded activities, due to the public health emergency are authorized to charge these costs to their award without regard to 2 Code of Federal Regulations (CFR) § 200.403, *Factors affecting allowability of costs*; 2 CFR § 200.404, *Reasonable costs*; and 2 CFR § 200.405, *Allocable costs*.

⁴ According to 2 CFR § 200.405, absent the COVID-19 flexibilities granted by OMB, for costs to be allowable, grantees must charge costs to Federal awards in accordance with the relative benefits received.

If grantees do not receive or use travel credits, expenses associated with the cancelled travel are allowable under flexibility 7 of OMB Memorandum M-20-17.⁵ However, because UCF does not have sufficient monitoring procedures or internal controls in place to ensure that it uses travel credits to benefit the NSF award(s) to which it charged the original travel expense, it could potentially use travel credits for travel that does not benefit the NSF award(s) charged.

Consideration

We suggest that NSF's Director of the Division of Institution and Award Support consider:

1. Directing UCF to implement additional monitoring procedures to ensure that it uses travel credits to benefit the NSF award(s) to which it charged the original travel expense. For cases in which UCF uses a credit to benefit other project(s), it should monitor to ensure that the original travel expense is transferred to the appropriate funding source.

UCF Response: Although UCF did not specifically state that it agreed with this area for improvement, it did agree to update its existing travel procedures to ensure travel credits are used to benefit the project(s) to which it charged the original travel expense(s). Specifically, UCF noted that it would (i) update the procedures in its Travel Manual and P-Card Guidelines document, (ii) implement travel refund monitoring procedures, and (iii) determine whether it needs to make any adjustments to account for travel credits that it has received under its active NSF awards.

Auditor's Additional Comments: Our position regarding this area for improvement has not changed.

IV. AUDIT FINDINGS

For the purposes of this report, a finding is a condition that shows evidence of non-compliance with the regulations applicable to the sampled NSF awards.

We provide a breakdown of the questioned costs by finding in **Appendix C** of this report.

Finding 1: Federal Effort Not Appropriately Certified

UCF suspended the use of its time-and-effort reporting system in 2019 and has not implemented an effort certification system to ensure that personnel appropriately certify all salary costs charged to awards in accordance with Federal regulations,⁶ NSF Proposal and Award Policies

⁵ OMB Memorandum M-20-17, Flexibility 7. *Allowability of Costs not Normally Chargeable to Awards* states that recipients who incur costs related to the cancellation of events, travel, or other activities that were necessary and reasonable for the performance of the award, as well as costs related to the pausing and restarting of grant-funded activities, as a result of the public health emergency are authorized to charge these costs to the relevant award without regard to 2 CFR § 200.403, *Factors affecting allowability of costs*; 2 CFR § 200.404, *Reasonable costs*; and 2 CFR § 200.405, *Allocable costs*.

⁶ According to 2 CFR § 200.430(h)(8)(i), salaries and wages charged to Federal awards must be based on records that accurately reflect the work performed.

and Procedures Guides (PAPPGs),⁷ and UCF policies.⁸ As a result, UCF personnel did not certify \$169,148 in sampled salary expenses until after we questioned the uncertified salary costs in the draft audit report. This included:

- \$65,399 in expenses charged to NSF Award No. [REDACTED] for salaries that employees at the Arecibo Observatory earned from January 10 through 23, 2020.
- \$68,531 in expenses charged to NSF Award No. [REDACTED] for salaries that employees at the Arecibo Observatory earned from May 15 through 28, 2020.
- \$17,295 in expenses charged to NSF Award No. [REDACTED] for salary that the co-Principal Investigator (PI) earned from June 12 through 25, 2020.
 - This amount included \$134 in unallowable fringe benefit expenses that UCF incurred because it inappropriately applied its FY 2021 fringe benefit rate of 29 percent to its June 2020 salary costs, rather than the 28 percent rate that was in effect during that period per UCF's NICRA.⁹

– *UCF agreed to reimburse NSF for these expenses.*

- \$13,560 in expenses charged to NSF Award No. [REDACTED] for salary that the PI earned from June 12 through 25, 2020.
- \$4,363 in expenses charged to NSF Award No. [REDACTED] for salary that a staff scientist earned from August 7 through 20, 2020.

UCF suspended the use of its time-and-effort-reporting system on August 23, 2019 so it could begin implementing a comprehensive system upgrade that would be effective in January 2020.¹⁰ However, in response to departmental administrators and the Faculty Research Council requesting that UCF acquire a less burdensome effort-reporting system, UCF instead decided to retire its current system. As UCF has not yet implemented a new effort-reporting system,¹¹ non-sampled Federal effort for the Fall 2019, Spring 2020, Summer 2020, and Fall 2020 semesters remains uncertified. Additionally, UCF's accounting system inappropriately applied UCF's FY 2021 fringe benefit rate to salary expenses earned in FY 2020.

Because UCF provided effort certifications to support the allowability of \$169,014 of the salary costs identified above, we are only questioning the \$134 in over-applied fringe benefit rates. However, we are still noting an exception with regard to the previously uncertified salaries, as

⁷ NSF PAPPGs 17-1 and 19-1, Part II, Chapter X, Section B.1.a state that compensation paid or accrued by an entity for employees working on NSF awards during the grant period is allowable in accordance with 2 CFR § 200.430.

⁸ Per UCF *Guidance & Directive No. ORC-03 for Effort Reporting*, all UCF employees who work on or contribute to a sponsored contract or grant must certify 100 percent of their full-time equivalency effort.

⁹ UCF's NICRA agreement supports the following fringe benefit rate applicable to this finding:

- *7/1/2019 to 6/30/2020: 28.0% for Faculty [DHHS Rate Agreement Dated 4/21/2020]*

¹⁰ UCF intended to have employees certify their effort for the Fall 2019 and Spring 2020 semesters in June 2020.

¹¹ UCF anticipates that its new effort-reporting system will be operational by August 7, 2021.

UCF charged, and continues to charge, NSF awards for salary costs without having sufficient controls in place to ensure that it only charges the NSF award(s) for allowable salary expenses. UCF concurred with the \$134 of questioned costs, as illustrated in Table 1.

Table 1. Inappropriately Applied Fringe Benefits

Description	NSF Award No.	Fiscal Year(s)	Questioned Costs			
			Direct	Indirect	Total	UCF Agreed to Reimburse
Incorrect Fringe Benefit Rate Applied	██████	2020	<u>\$92</u>	<u>\$42</u>	<u>\$134</u>	<u>\$134</u>
Total			<u>\$92</u>	<u>\$42</u>	<u>\$134</u>	<u>\$134</u>

Source: Auditor summary of identified exceptions.

Recommendations

We recommend that NSF’s Director of the Division of Institution and Award Support:

1. Direct UCF to provide documentation supporting that it has repaid or otherwise credited the \$134 in questioned fringe benefit costs for which it has agreed to reimburse NSF.
2. Direct UCF to notify its Federal sponsors that its personnel have not yet certified their effort for the Fall 2019, Spring 2020, Summer 2020, and Fall 2020 semesters.
3. Direct UCF to require its employees to certify their effort for the Fall 2019, Spring 2020, Summer 2020, and Fall 2020 semesters and then process any cost transfers needed to ensure that UCF charged NSF for salary costs that were consistent with the effort certified.
4. Direct UCF to review all salary earned during June 2020 to verify that its accounting system appropriately applied fringe benefits at the correct rate and, if the accounting system did not apply fringe benefits at the correct rate, process any adjustments necessary.

UCF Response: UCF partially concurred with this finding, stating that it was unable to certify the sampled payroll through a payroll certification system due to issues it encountered when attempting to implement its new system. However, UCF believes that, because its employees have now completed and signed payroll certifications for the periods in question, these costs should be allowable. Specifically, UCF believes it has resolved all (previously) questioned uncertified salary costs for this finding, as its employees certified all sampled effort had been appropriately allocated to the NSF awards charged.

Auditor’s Additional Comments: Because UCF provided effort certifications to support that the \$169,014 in uncertified salary costs that we had previously questioned were allocable to and

allowable under the NSF awards charged, we are only questioning the \$134 in over-applied fringe benefit expenses. However, because UCF has not certified any of the non-sampled effort for the Fall 2019, Spring 2020, Summer 2020, and Fall 2020 semesters, we are still noting an exception with Federal effort not being appropriately certified and we are still recommending that UCF ensure its personnel appropriately certify their Federal effort.

Finding 2: Unallowable Expenses

UCF charged two NSF awards a total of \$57,070 in expenses that it could not support were allowable under Federal regulations¹² and NSF PAPPGs¹³ at the time UCF incurred the expenses. Specifically:

Unallowable Insurance Costs

UCF charged one NSF award for \$56,910 in expenses related to general liability insurance without appropriately documenting that the insurance was required or that UCF had obtained NSF's approval prior to charging the expenses to the NSF award, as is required for insurance costs to be allowable under Federal regulations,¹⁴ as follows:

- In July 2020, UCF charged NSF Award No. [REDACTED] for \$56,910 in expenses related to general liability and excess general liability insurance that UCF purchased for the Arecibo Observatory.
 - *Because UCF provided an April 9, 2021 letter from the NSF Grants and Agreements Officer approving the acquisition of this insurance coverage in response to the draft audit report, we are not questioning any costs associated with this exception.*

Unallowable Use of Participant Support Costs

UCF used \$160 in funding provided for participant support costs to cover fringe benefits inappropriately applied to participant support cost stipends per UCF's Negotiated Indirect Cost Rate Agreement (NICRA),¹⁵ as follows:

- Between June and August 2020, UCF used \$160 of participant support cost funding awarded under NSF Award No. [REDACTED] to cover unallowable fringe benefits.
 - *UCF agreed to reimburse NSF for these expenses.*

¹² According to 2 CFR § 200.403(a) and (b), except where otherwise authorized by statute, costs must be necessary and reasonable for the performance of the award and must conform to the requirements of the grant agreement.

¹³ NSF PAPPGs 19-1 and 20-1, Part II, Chapter X, Section A. state that grantees should ensure that all costs charged to NSF awards meet the requirements of the applicable Federal cost principles, grant terms and conditions, and any other specific requirements of both the award notice and the applicable program solicitation.

¹⁴ According to 2 CFR § 200.447(a), for insurance costs to be allowable, the costs of the insurance must be required or approved and maintained in accordance with the Federal award.

¹⁵ UCF's NICRA identifies salaries and wages as the only base for the application of fringe benefits.

UCF does not have sufficient policies and procedures or internal controls in place to ensure that it always maintains sufficient documentation to support the allowability of expenses charged to NSF awards. Further, UCF does not have sufficient controls in place to ensure that it only applies fringe benefits to salary and wage expenses processed through its payroll subledger. We are therefore questioning \$160 in unallowable expenses charged to NSF awards. UCF concurred with the full \$160 in questioned costs, as illustrated in Table 2.

Table 2. Unallowable Expenses

Description	NSF Award No.	Fiscal Year(s)	Questioned Costs			UCF Agreed to Reimburse
			Direct	Indirect	Total	
June – August 2020 Non-Participant Support Costs	██████████	2020/2021	\$160	\$0	\$160	\$160
Total			\$160	\$0	\$160	\$160

Source: Auditor summary of identified exceptions.

Recommendations

We recommend that NSF’s Director of the Division of Institution and Award Support:

1. Direct UCF to provide documentation supporting that it has repaid or otherwise credited the \$160 of questioned participant support costs for which it has agreed to reimburse NSF.
2. Direct UCF to establish policies and procedures to ensure that it obtains and documents proper approval for insurance costs before charging the costs to NSF awards.
3. Direct UCF to establish policies and procedures to ensure that it does not apply fringe benefit rates to participant support costs that it processes through its payroll subledger.

UCF Response: UCF partially agreed with this finding, noting that it would (i) reimburse NSF for the \$160 of unallowable participant support costs, and (ii) establish policies and procedures regarding the application of fringe benefits rates. However, UCF disagreed with the \$56,910 in (previously) questioned costs related to the general liability insurance for the Arecibo Facility. Specifically:

- With regard to the \$56,910 in questioned insurance costs charged to NSF Award No. ██████████ UCF noted that it had received approval from the NSF Program Director before assigning these expenses to the award. UCF has not yet located the original e-mail exchange approving the insurance purchase; however, it provided an April 9, 2021, memorandum from the NSF Grants and Agreements Officer approving UCF’s charging of general liability and excess general liability insurance to NSF Award No. ██████████

Auditor's Additional Comments: Because UCF provided a letter from the NSF Grants and Agreements Officer to support the allowability of the \$56,910 in previously questioned insurance costs, we are only questioning the \$160 in unallowable participant support costs. However, because UCF was unable to produce documentation to support that the expense was allowable when UCF originally incurred it, we are still noting a compliance exception and are still recommending that UCF improve its document retention policies and procedures.

COTTON & COMPANY LLP



Megan Mesko, CPA, CFE
Partner
May 26, 2021

**APPENDIX A: UNIVERSITY OF CENTRAL FLORIDA TRUSTEES’
IMPLEMENTATION OF OMB AND NSF’S COVID-19 FLEXIBILITIES**

UNIVERSITY OF CENTRAL FLORIDA TRUSTEES’ IMPLEMENTATION OF OMB AND NSF’S COVID-19 FLEXIBILITIES

OMB Memo	Flexibility Granted	Flexibility Implemented per Awardee?	Exception(s) Identified with the Awardee’s Implementation of the Flexibilities?
M-20-17	1. Flexibility with SAM registration	No	Not Applicable. As the University of Central Florida Trustees’ (UCF’s) System for Award Management (SAM) registration does not expire until January 5, 2022, it did not need to use this flexibility.
	2. Flexibility with application deadlines	No	Not Applicable. UCF stated that it did not extend its proposal deadlines. Specifically, UCF stated that, although it did rescind and resubmit grant proposals as a result of implementing this flexibility, it did not rescind or resubmit any proposals for NSF.
	3. Waiver for Notice of Funding Opportunities (NOFOs) publication	No	Not Applicable. This flexibility is not applicable to NSF awards.
	4. No-cost extensions on expiring awards	Yes	No Exceptions Noted. UCF stated that its personnel requested no-cost extensions on a case-by-case basis consistent with policies that UCF had in place prior to the pandemic, and that its personnel did not submit more no-cost extensions than they typically would in an average 6-month period.
	5. Abbreviated non-competitive continuation requests	No	Not Applicable. UCF stated that it did not make any non-competitive continuation requests.
	6. Allowability of salaries and other project activities	Yes	<p>No Exceptions Noted. UCF stated that, although it identified itself as having implemented this flexibility, it did not charge sponsored awards for salary costs that did not directly benefit the award, nor did it establish a policy for charging salaries to projects during unexpected or extraordinary circumstances. However, it did establish a process for employees to use Emergency Paid Sick Leave (EPSL) under the Families First Coronavirus Response Act, which made EPSL available to full- and part-time employees but excluded Federal work-study students. UCF also implemented the “COVID-19 Emergency Remote Work Agreement,” which allowed employees to obtain permission to work remotely for the duration of UCF’s response to the pandemic.</p> <p>UCF noted that it was able to continue research both on- and off-campus during the pandemic, and that it used Education and General (E&G) state funds to cover the cost of idle personnel as necessary. UCF further noted that it assigned salaries and benefits for temporary employees (OPS) to the applicable funding sources on a time-limited basis, consistent with university COVID-19 guidelines. Our testing did not identify any instances in which UCF charged NSF awards for salary expenses for employees that were unable to perform activities under the award(s).</p>

OMB Memo	Flexibility Granted	Flexibility Implemented per Awardee?	Exception(s) Identified with the Awardee's Implementation of the Flexibilities?
	7. Allowability of costs not normally chargeable to awards	Yes	<p>No Exceptions Noted. UCF stated that it may have charged NSF awards for travel cancellation costs and costs related to COVID-19 personal protective materials and supplies, as allowed under this flexibility. Specifically, UCF stated that it tried to recover any costs related to cancelled travel and conferences, and that it allocated the recovered costs back to the awards originally charged. However, UCF stated that, in instances in which it was unable to obtain a credit or refund for the cancelled travel costs, UCF would have charged the sponsored project(s) for the unrecovered costs. Specifically, UCF stated that if a cancelled trip is rescheduled (and the traveler therefore uses the travel credit) during the project period, the charge will remain on the sponsored project; if the cancelled trip is not rescheduled during the project period and the traveler uses the travel credit for another purpose/project, UCF will transfer the charge to the appropriate department/project account. We identified two instances in which UCF charged a grant for costs related to cancelled travel, including one instance in which UCF incurred travel costs to enable an employee to attend a conference that was cancelled and one instance in which UCF incurred salary costs associated with planning a conference that was cancelled due to COVID-19. Although we did not note any exceptions related to UCF's charging of NSF awards for costs that are not normally chargeable, we did note an area for improvement because UCF's current procedures for tracking travel credits could result in travelers not appropriately allocating travel credits back to the NSF award(s) charged.</p>
	8. Prior approval requirement waivers	No	<p>Not Applicable. UCF stated that it did not make any changes to its policies that would allow personnel to directly or indirectly charge sponsored projects for costs that would not normally be allowable or that were outside of the project's budgets. Our sample testing did not identify any instances in which UCF used this flexibility.</p>
	9. Exemption of certain procurement requirements	No	<p>Not Applicable. UCF did not make any changes to its internal procurement requirements. Further, our sample testing did not identify any instances in which UCF used this flexibility.</p>
	10. Extension of financial, performance, and other reporting	Yes	<p>No Exceptions Noted. UCF indicated that it implemented this flexibility on a case-by-case basis. Although our data analytics did confirm that UCF personnel requested no-cost extensions during the audit period, our testing did not reveal any exceptions related to inappropriate spending during a financial, performance, or other reporting extension.</p>
	11. Extension of currently approved indirect cost rates	No	<p>Not Applicable. UCF stated that it did not request an extension for its approved indirect cost rates. However, UCF noted that the provisional rate was effective for 90 days (June through August 2020) while the university completed its Fiscal Year 2020-2021 facility and administration (F&A) rate negotiations with the Department of Health and Human Services (DHHS). The DHHS negotiator allowed UCF to retroactively begin using the final rate as of July 1, 2020, so UCF was only under a provisional rate for a short period of</p>

OMB Memo	Flexibility Granted	Flexibility Implemented per Awardee?	Exception(s) Identified with the Awardee s Implementation of the Flexibilities?
			time. Further, our sample testing did not identify any instances in which UCF used this flexibility.
	12. Extension of closeout	No	Not Applicable. UCF stated that it did not make any requests regarding the extension of final project reports and project outcome reports. Further, our sample testing did not identify any instances in which UCF used this flexibility.
	13. Extension of Single Audit submission	No	Not Applicable. UCF did not request or receive an extension related to the submission of its Single Audit report.
M-20-20	1. Donations of medical equipment and other resources purchased/ funded under Federal financial assistance in support the COVID-19 response	No	Not Applicable. UCF stated that it did not donate medical equipment or other resources purchased or funded under Federal financial assistance in support of the COVID-19 response.
M-20-26	1. Extension of allowability of salaries and other project activities through September 30, 2020	Yes	No Exceptions Noted. UCF stated that, although it identified itself as having implemented this flexibility, it did not charge any sponsored awards for salary costs that did not directly benefit the award. UCF noted that it was able to continue research both on- and off-campus during the pandemic, and that it used E&G state funds to cover the cost of idle personnel as necessary. UCF further noted that it assigned salaries and benefits for OPS to the applicable funding sources on a time-limited basis, consistent with university COVID-19 guidelines. Our testing did not identify any instances in which UCF charged NSF awards for salary expenses for employees that were unable to perform activities under the award(s).
	2. Extension of Single Audit submission and COVID-19 emergency acts fund reporting through December 31, 2020	No	Not Applicable. UCF did not request or receive an extension related to the submission of its Single Audit report.

**APPENDIX B: UNIVERSITY OF CENTRAL FLORIDA TRUSTEES' OMB FLEXIBILITY SURVEY
RESPONSE**

UNIVERSITY OF CENTRAL FLORIDA TRUSTEES' OMB FLEXIBILITY SURVEY RESPONSE

Question No.	During the COVID 19 Pandemic, has your organization...	Awardee Response
1	Issued any subawards to grantees with expired SAM.gov registrations?	No
2	Rescinded and resubmitted grant proposals as a result of extended proposal deadlines?	Yes
3	Made any changes to its ACMS\$ draw-down methodology?	No
4	Submitted more no-cost extension requests than it typically does in an average 6-month period?	No
5	Established a new policy for charging salaries to projects during unexpected or extraordinary circumstances?	No
6	Allowed salaries, stipends, and benefits to continue to be charged even if the personnel were unable to conduct the research?	No
7	Allowed researchers to continue to perform on-campus research?	Yes
8	Allowed researchers to perform sponsored research off-campus?	Yes
9	Allowed personnel to perform research during the academic year that would typically be performed during a summer month?	No
10	Issued any additional guidance regarding how employees should track or certify effort while the campus was closed?	No
11	Issued any guidance limiting an employee's ability to book NSF sponsored travel?	Yes
12	Required students and/or employees to cancel previously planned trips?	Yes
13	Established a new policy for charging costs associated with the cancellation of events or travel?	No
14	Received any travel credits that related to airfare, lodging, or other travel expenses charged to NSF funding sources?	Yes
15	Hosted any on-campus NSF Research Experience for Undergraduate (REU) programs/activities?	No
16	Been required to cancel or re-schedule any NSF REU programs/activities?	No
17	Been required to adapt previously planned NSF REU programs/activities to a virtual format?	No
18	Been required to quarantine any students scheduled to participate in an NSF REU program?	No
19	Been required to cancel or re-schedule any non-REU NSF sponsored on-campus events?	No
20	Used NSF funding to sponsor virtual conferences or other virtual events/programs?	No
21	Been required to incur any unusual travel costs to ensure students/employees were able to return to the U.S. after performing NSF sponsored travel (such as extended travel times due to lack of flight availability/quarantine requirements, or costs incurred to charter an aircraft)?	No
22	Used NSF funding to purchase COVID-19 related goods/services (such as PPE, cleaning services, etc.) to allow students/employees to continue performing research?	Yes
23	Changed the scope or objectives of any of the research being performed on any of your NSF Awards?	No
24	Rebudgeted any NSF award participant support cost funding?	No
25	Issued any additional subaward agreements to perform NSF Award research?	No
26	Allowed employees to incur costs greater than 90 days before an NSF grant became effective?	No
27	Issued any guidance regarding authority to rebudget funding during the Pandemic?	No
28	Made any changes to its procurement policies or procedures?	No
29	Used NSF funding to purchase equipment?	Yes
30	Continued to perform annual inventory reporting?	Yes
31	Applied indirect costs using a provisional negotiated indirect cost rate?	Yes
32	Made any changes to the manner in which it identifies and classifies direct/indirect costs?	No
33	Implemented any additional flexibilities related to submitting final project reports or other grant close-out procedures as a result of COVID?	Yes
34	Issued any subawards to grantees performing research on NSF sponsored awards who did not have a Single Audit Report published for the most recent audit year?	No
35	Used NSF funding to purchase COVID-19 related goods/services (such as PPE, cleaning services, etc.) that were donated to hospitals, medical centers, and/or other local entities serving the public for COVID-19 response?	No
36	Donated any medical equipment purchased with NSF funds prior to March 2020 to hospitals, medical centers, and/or other local entities serving the public for COVID-19 response?	No

Question No.	During the COVID 19 Pandemic, has your organization...	Awardee Response
37	Received a Paycheck Protection Program loan or any Coronavirus Aid, Relief, and Economic Security (CARES) Act program funding?	Yes
38	Provided any guidance to subawardees regarding how personnel costs can/should be billed during the Pandemic?	No
39	Identified and exhausted all non-Federal funding sources to sustain your workforce before claiming costs for salaries that did not directly benefit NSF awards?	Yes
40	Implemented any steps to save overall operational costs (such as rent renegotiations)?	Yes
41	Implemented any changes in response to the updated solicitation guidance included in NSF 18-515, 18-584, 20-545, 20-546, or 20-562?	No
42	Received any NSF awards to perform research that involves human-subjects prior to receiving Institutional Review Board (IRB) approval?	No
43	Received any NSF awards to perform research that involves vertebrate animals prior to receiving approval from an Institutional Animal Care and Use Committee (IACUC)?	No
44	Operated an NSF sponsored Major Facility?	Yes
45	Allowed any Principal Investigators to disengage from an NSF Award for more than 3 months?	No
46	Changed the cost-sharing requirements previously established for any NSF awards?	No
47	Encumbered any real property with Federal funds?	No
48	Provided resources or oversight of any NSF Small Business Innovation Research Program (SBIR) or Small Business Technology Transfer (STTR) Awards?	Yes

Question No.	During the COVID 19 Pandemic, has your organization used NSF Funding to cover...	Response
49	Expenses associated with fines, penalties, or other damages?	No
50	Fund-raising expenses?	No
51	Costs of housing (e.g. depreciation, maintenance, utilities, furnishings, rent), housing allowances or personal living expenses?	No
52	Insurance or indemnification expenses?	No
53	Costs of memberships in civic or community organizations?	No
54	Costs associated with selling and marketing (other than costs allowed under 2 CFR §200.421 Advertising and public relations)?	No
55	Dependent care costs for trips greater than 6 months?	No
56	Costs of entertainment, amusement, diversion or social activities (with programmatic purpose)?	No
57	Severance payments to foreign nationals that exceed the amounts customary in the US?	No
58	Salary earned at a rate higher than an employee's established institutional base salary?	No
59	Unbudgeted administrative salary costs?	No
60	Costs incurred to purchase real property or to perform construction activities related to improving capital assets?	Yes
61	Costs incurred to allow employees to perform research or otherwise work from home?	No

APPENDIX C: SCHEDULE OF QUESTIONED COSTS BY FINDING

NATIONAL SCIENCE FOUNDATION
ORDER # 140D0420F0649
PERFORMANCE AUDIT OF COSTS CLAIMED ON NSF AWARDS
UNIVERSITY OF CENTRAL FLORIDA TRUSTEES

SCHEDULE OF QUESTIONED COSTS BY FINDING

Finding	Description	Questioned Costs		Total
		<i>Unsupported</i>	<i>Unallowable</i>	
1	Federal Effort Not Appropriately Certified	\$0	\$134	\$134
2	Unallowable Expenses	0	160	160
Total		<u>\$0</u>	<u>\$294</u>	<u>\$294</u>

APPENDIX D: UNIVERSITY OF CENTRAL FLORIDA TRUSTEES' RESPONSE



UNIVERSITY OF CENTRAL FLORIDA

Office of Research
12201 Research Parkway, Suite 501
Orlando, Florida 32826

April 30, 2021

Megan Mesko, CPA, CFE
Cotton & Company
333 John Carlyle Street, Suite 500
Alexandria, VA 22314

Subject: Response to the NSF COVID-19 Flexibilities Performance Assessment

Dear Ms. Mesko:

We appreciate Cotton and Company's professional approach and cooperation during the engagement. Your staff was courteous and helpful with clarifying data requests and taking the time to understand system transactions. The University of Central Florida (UCF) is committed to complying with Federal regulations, and we appreciate the opportunity to correct gaps and weaknesses in our internal controls program.

Below is our response to the Area for Improvement, Audit Findings, and Recommendations to the subject NSF COVID-19 Flexibilities Performance Assessment.

III Area For Improvement

Under its current monitoring procedures, UCF could use travel credits to pay for travel that does not benefit the project(s) to which it charged the original travel expenses.

Response:

The University of Central Florida (UCF) will update the existing travel procedures to ensure travel refunds (credits) received benefit the projects(s) to which it charged the original travel expense. Formal procedural changes will be made to the UCF Travel Manual and P-Card Guidelines by May 30, 2021. UCF will implement travel refund monitoring procedures to ensure travel expense refunds (credits) benefit the appropriate project(s). UCF will evaluate travel refunds (credits) received under active NSF awards and make any appropriate adjustments.

IV Audit Findings

Finding 1: Uncertified Salary Expenses and inappropriately applied Fringe Benefits.

Phone: 407.823.3778 • Fax: 407.823.3299 • Web: www.research.ucf.edu

Page 2 – Response to NSF COVID-19 Assessment

UCF Response Background:

UCF scheduled the payroll certification system upgrade during the Fall 2019 and Spring 2020 semesters. During the go-live testing phase the university encountered issues with affiliating departmental release time accounts to sponsored project accounts. Release time accounts must affiliate with project accounts to properly account for 100% of the employee(s) total activities. The new payroll certification reporting system remained suspended until we identified a solution in April 2021.

The following responses address each finding and the completed certification records are attached.

- In February 2020, UCF charged NSF Award No. [REDACTED] for \$65,399 in uncertified salary expenses for various employees at the Arecibo Observatory for the period from January 10 through 23, 2020.

Response:

Investigators with uncertified salary expenses charged to NSF Award No. [REDACTED] for \$65,399 have certified their payroll certification record from December 27, 2019 through April 30, 2020 (2020 Spring Semester). Exhibit 1 provides the employee completed and signed payroll certification records for the period in question.

- In June 2020, UCF charged NSF Award No. [REDACTED] for \$68,531 in uncertified salary expenses for various employees at the Arecibo Observatory for the period from May 15 through 28, 2020.

Response:

Investigators with uncertified salary expenses charged to NSF Award No. [REDACTED] for \$68,531 have certified their payroll certification record from May 1, 2020 through August 6, 2020 (2020 Summer Semester). Exhibit 2 provides the employee completed and signed payroll certification records for the period in question.

- In June 2020, UCF charged NSF Award No. [REDACTED] for \$17,295 in uncertified salary expenses for the co-Principal Investigator (PI) for the period from June 12 through 25, 2020.
 - Further, this amount included \$134 in unallowable fringe benefit expenses because UCF inappropriately applied its FY 2021 fringe benefit rate of 29 percent to the June 2020 salary costs rather than the 28 percent rate in effect during that period per UCF's NICRA.
 - UCF agreed to reimburse NSF for these expenses.

Response:

The investigator with uncertified salary expenses charged to NSF Award No. [REDACTED] for \$17,295 has certified their payroll certification record from May 1, 2020

Page 3 – Response to NSF COVID-19 Assessment

through August 6, 2020 (2020 Summer Semester). Exhibit 3 provides the employee completed and signed Time & Effort certification record for the period in question.

The \$134.00 in unallowable fringe benefit expenses charged to NSF Award No. [REDACTED] has been removed from the grant (see Exhibit 4) and NSF Award No. [REDACTED] will be credited the unallowed expense.

- In July 2020, UCF charged NSF Award No. [REDACTED] for \$13,560 in uncertified salary expenses for the PI for the period from June 12 through 25, 2020.

Response:

The investigator with uncertified salary expenses charged to NSF Award No. [REDACTED] for \$13,560 has certified their payroll certification record from May 1, 2020 through August 6, 2020 (2020 Summer Semester). Exhibit 5 provides the employee completed and signed payroll certification record for the period in question.

- In August 2020, UCF charged NSF Award No. [REDACTED] for \$4,363 in uncertified salary expenses for a staff scientist for the period from August 7 through 20, 2020.

Response:

The Principal Investigator has completed the payroll certification record for the Graduate Student's salary expenses to NSF Award No. [REDACTED] in the amount of \$4,363 from August 7, 2020 through December 24, 2020 (2020 Fall Semester). Exhibit 6 provides the Principal Investigator's completed and signed payroll certification record for the period in question.

Recommendations to Finding No. 1

1. Resolve the \$169,014 in questioned salary expenses for which UCF has not agreed to reimburse NSF and direct UCF to repay or otherwise remove the sustained questioned costs from its NSF awards.

Response:

UCF scheduled the payroll certification system upgrade during the Fall 2019 and Spring 2020 semesters. During the go-live testing phase the university encountered issues with affiliating departmental release time accounts to sponsored project accounts. Release time accounts must affiliate with project accounts to properly account for 100 % of the employee(s) total activities. The new payroll certification reporting system remained suspended until we identified a solution in April 2021.

UCF has resolved the \$169,014 in questioned salary expenses to NSF Award No.'s [REDACTED], [REDACTED], [REDACTED] and [REDACTED] by providing employee signed payroll certification records for the periods in question as reflected in Exhibits 1, 2, 3, 5, and 6 respectively.

Page 4 - Response to NSF COVID-19 Assessment

The UCF payroll certification system will be operational June 1, 2021. UCF will direct employees to certify their effort for the Fall 2019, Spring 2020, Summer 2020 and Fall 2020 semesters. Employee payroll certification is expected to be completed within fifty (50) business days or on or before August 8, 2021.

2. Direct UCF to provide support that it has repaid or otherwise credited the \$134 in questioned fringe benefit costs for which it has agreed to reimburse NSF.

Response:

The \$134.00 in unallowable fringe benefit expenses charged to NSF Award No. [REDACTED] has been removed from the grant and UCF will credit NSF Award No. [REDACTED] for the unallowed expense. See Exhibit 4.

3. Direct UCF to notify its Federal sponsors that its personnel have not yet certified their effort for the Fall 2019, Spring 2020, Summer 2020, or Fall 2020 semesters.

Response:

We have notified DoD, DHHS, DOT, GSA, and NASA Inspector General Offices. The remaining Federal agencies will be notified no later than May 20, 2021.

4. Direct UCF to require its employees to certify their effort for the Fall 2019, Spring 2020, Summer 2020, and Fall 2020 semesters and then process cost transfers, as appropriate, to ensure that it charged NSF for salary costs that were consistent with the certified effort.

The UCF payroll certification system will be operational June 1, 2021. UCF will direct employees to certify their effort for the Fall 2019, Spring 2020, Summer 2020 and Fall 2020 semesters effective June 1, 2021. Employee payroll certification is expected to be completed within fifty (50) business days or on or before August 8, 2021. Cost transfers, when required, will be processed to ensure that UCF charged NSF for salary costs that were consistent with the certified effort.

5. Direct UCF to review all salary earned during June 2020 to verify that its accounting system appropriately applied fringe benefits at the correct rate; and, if the accounting system did not apply fringe benefits at the correct rate, process any adjustments necessary.

Response:

The Office of Compliance assessed the university's PeopleSoft accounting system and determined it applied Fiscal Year 2021 fringe benefit rates to a portion of the final June 2020 pay period. UCF has identified unallowed fringe benefit charges from the twenty-two (22) NSF awards reviewed during the Assessment and will remove the charges by May 7, 2021. UCF is completing a fiscal year end fringe benefit assessment for all active NSF awards and will remove identified unallowable fringe benefit charges by December 17, 2021.

Finding 2: Unallowable Expenses

Page – 5 NSF COVID-19 Assessment

Unallowable Insurance Costs

UCF charged one NSF award for \$56,910 in expenses related to general liability insurance without appropriately documenting that the insurance was required or that UCF had obtained NSF's approval before charging the expenses to the NSF award, as is required for insurance costs to be allowable under Federal regulations, as follows:

- In July 2020, UCF charged NSF Award No. [REDACTED] for \$56,910 in expenses related to general liability and excess general liability insurance that UCF purchased for the Arecibo Observatory.

Response:

UCF received approval from [REDACTED] NSF Program Director, prior to assigning the general liability and excess general liability insurance cost (\$56,910) to NSF Award No. [REDACTED]. [REDACTED] nor [REDACTED] have located the original e-mail exchange approving the insurance purchase. We are waiting on appropriate documentation from [REDACTED] to demonstrate the prior approval. On April 9, 2021, [REDACTED], NSF Grants and Agreements Officer, approved UCF to charge general liability and excess general liability insurance to NSF Award No. [REDACTED] (see Exhibit 7). We respectfully submit the original insurance charge was approved by NSF prior to assigning the cost to the referenced grant and such costs have been affirmed by the current NSF Grants and Agreements Officer.

Recommendations

1. Resolve the \$57,070 in questioned insurance and participant support costs for which UCF has not agreed to reimburse NSF and direct UCF to repay or otherwise remove the sustained questioned costs from its NSF awards.

Response:

UCF will remove \$57,070 of General Liability Insurance costs from NSF Award No. [REDACTED] if the provided documentation is not sufficient to support the assigned costs.

2. Direct UCF to ensure it sufficiently documents that insurance is required and/or that it obtained proper approval before charging insurance costs to NSF awards.

Response:

UCF will properly document future insurance acquisitions to the file.

Unallowable Participant Support Costs

UCF used \$160 in funding provided for participant support costs to cover fringe benefits inappropriately applied to participant support cost stipends per UCF's Negotiated Indirect Cost Rate Agreement (NICRA), as follows:

Page – 6 NSF COVID-19 Assessment

- Between June and August 2020, UCF used \$160 of participant support cost funding awarded under NSF Award No. [REDACTED] to cover fringe benefit expenses inappropriately applied to participant support cost stipends.

Response:

UCF has removed the \$160.00 in fringe benefit charges from NSF Award No. [REDACTED] as documented in Exhibit 8. UCF will assess participant support cost stipends charged to all active NSF Awards and remove any unallowable fringe benefit charges by December 17, 2021.

Recommendations

3. Direct UCF to establish policies and procedure to ensure fringe benefit rates are not applied to participant support costs processed through payroll.


Response:

UCF will establish policies and procedures to ensure fringe benefit rates charges are not applied to participant support costs stipends processed through payroll. The new procedure will be implemented May 30, 2021.

Final Statement

Thank you for the opportunity to respond to the Assessment. A completed and signed Management Representation Letter is provided with our response (see Exhibit 9). Please contact me if you have any questions or if you need additional information.

Sincerely,

Douglas B Backman  Digitally signed by Douglas B Backman
Date: 2021.04.30 21:32:32 -04'00'

Douglas Backman, Director
Office of Compliance
Office of Research

Cc: Elizabeth Klonoff, Vice President for Research and Dean of the College of Graduate Studies
Rhonda Bishop, Vice President for Compliance and Risk, University Compliance, Ethics and Risk

APPENDIX E: OBJECTIVES, SCOPE, AND METHODOLOGY

OBJECTIVES, SCOPE, AND METHODOLOGY

The NSF OIG Office of Audits engaged Cotton & Company LLP (referred to as “we”) to conduct a limited-scope performance audit, the objective of which was to determine whether UCF used the administrative COVID-19 flexibilities authorized by OMB and, if so, whether UCF was complying with the associated guidelines.

To complete this limited-scope performance audit, we performed the following steps, as outlined within our NSF OIG-approved audit plan:

- Gained an understanding of the audit requirements, which included developing an audit program that ensured the audit team would complete all the steps outlined in the approved audit plan.
 - This included determining whether internal controls and/or information systems were significant to the audit objectives.
- Gained an understanding of applicable Federal¹⁶ and NSF criteria,¹⁷ including the following guidance that OMB and NSF published in response to the COVID-19 pandemic:
 - [M-20-17 Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus \(COVID-19\) due to Loss of Operations](#)
 - [NSF Implementation of OMB Memorandum M-20-17](#)
 - [M-20-20 Repurposing Existing Federal Financial Assistance Programs and Awards to Support the Emergency Response to the Novel Coronavirus \(COVID-19\)](#)
 - [NSF Implementation of OMB Memorandum M-20-20](#)
 - [M-20-26 Extension of Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus \(COVID-19\) due to Loss of Operations](#)
 - [NSF Implementation of OMB Memorandum M-20-26](#)
 - [Important Notice No. 146 - NSF Letter to Community Regarding COVID-19](#)
 - [Impact on Existing Deadline Dates](#)
 - [Impact on Solicitations](#)
 - [NSF Guidance on the Effects of COVID-19 on Human Subjects Research](#)
 - [NSF Guidance on the Effects of COVID-19 on Vertebrate Animal Research](#)
 - [NSF Guidance for Major Facilities and Contracts Regarding COVID-19](#)
 - [FAQs About the Coronavirus Disease 2019 \(COVID-19\) for NSF Proposers and Awardees](#)
 - [FAQs About the Coronavirus Disease 2019 \(COVID-19\) for NSF SBIR and STTR Grantees](#)

¹⁶ We assessed UCF’s compliance with 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

¹⁷ We assessed UCF’s compliance with *NSF PAPPs* 15-1, 16-1, 17-1, 18-1, 19-1, and 20-1 and with NSF award-specific terms and conditions, as appropriate.

- [FAQs About the Coronavirus Disease 2019 \(COVID-19\) for NSF Major Facility Cooperative Agreement Recipients](#)
 - [FAQs About the Coronavirus Disease 2019 \(COVID-19\) for REU Sites, RET Sites, IRES Sites, and Similar Activities](#)
 - [FAQs About the Coronavirus Disease 2019 \(COVID-19\) for NSF Panelists](#)
 - In planning and performing this audit, we considered UCF’s internal controls, within the audit’s scope, solely to understand whether the directives/policies and procedures UCF has in place ensure charges against NSF awards comply with relevant Federal regulations and NSF award terms.
- Requested, obtained, and reviewed UCF documentation to ensure we had sufficient, appropriate documentation to allow us to schedule applicable interviews and to select our audit sample.
 - Our work required us to rely on computer-processed data obtained from UCF and NSF OIG. NSF OIG provided award data that UCF reported through ACM\$ during our audit period.
 - We assessed the reliability of the general ledger data that UCF provided by (a) comparing the costs charged to NSF awards per UCF’s accounting records to the reported net expenditures reflected in the ACM\$ drawdown requests that UCF submitted to NSF during the audit’s period of performance; and (b) reviewing the parameters that UCF used to extract transaction data from its accounting systems. As we did not identify any discrepancies between the amounts supported by UCF’s general ledger and the amounts that UCF claimed per NSF’s ACM\$ system, we found UCF’s computer-processed data to be sufficiently reliable for the purposes of the audit.
 - We found NSF’s computer-processed data to be sufficiently reliable for the purposes of this audit. We did not review or test whether the data contained in, or the controls over, NSF’s databases were accurate or reliable; however, the independent auditor’s report on NSF’s financial statements for FY 2020 found no reportable instances in which NSF’s financial management systems did not substantially comply with applicable requirements.
 - UCF provided detailed transaction-level data to support all costs charged to NSF awards during the period. This data resulted in a total audit universe of \$14,859,243 in costs claimed on 180 NSF awards.
 - Gained an understanding of whether and how UCF implemented the OMB/NSF administrative flexibilities by:
 - Analyzing UCF’s responses to the COVID-19 flexibility surveys included in **Appendix A** and **Appendix B**.

- Summarizing all guidance, policies, and procedures that UCF issued in response to the COVID-19 pandemic.
- Conducting walkthroughs and interviews with UCF staff to evaluate how UCF implemented the COVID-19 flexibilities and how that implementation fit within UCF's overall grant management environment.
- Brainstormed and executed a series of data analytic tests aimed at identifying expenses that UCF incurred in accordance with the COVID-19 flexibilities, or that we identified as high risk for other related reasons.
- Judgmentally selected 30 transactions to test based on the results of our data analytic tests, as approved by NSF OIG.
- Reviewed the supporting documentation that UCF provided and requested additional documentation as necessary to ensure that we obtained sufficient, appropriate evidence to enable us to assess the allowability of each sampled transaction.
 - The goals of this testing included evaluating whether the sampled transactions related to UCF's implementation of the OMB/NSF flexibilities and whether the transactions were allowable, allocable, reasonable, and in conformity with applicable Federal guidance, NSF terms and conditions, and OMB/NSF flexibility guidelines.

At the conclusion of our fieldwork, we provided a summary of our results to NSF OIG personnel for review. We also provided a discussion draft report to UCF personnel to ensure UCF was aware of each potential finding and to provide UCF with an opportunity to submit any additional documentation available to support the questioned costs.

We conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards*, 2018 Revision, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



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