



National Science Foundation • Office of Inspector General
2415 Eisenhower Ave, Alexandria, VA 22314

MEMORANDUM

DATE: September 28, 2021

TO: Teresa Grancorvitz
Chief Financial Officer and Office Head
Office of Budget, Finance, and Award Management

Alicia Knoedler
Office Head
Office of Integrative Activities

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

SUBJECT: OIG Report No. 21-6-004, NSF Directed Funding to Vendor Without Following Competition Rules

In August 2021, we reported on our audit of the National Science Foundation's administration of its *Established Program to Stimulate Competitive Research* (EPSCoR).¹ While conducting that audit, we initiated a routine activity regarding EPSCoR Research Infrastructure Improvement (RII) Track-2 awards. Specifically, we found NSF has been directing funding to a vendor for EPSCoR data collection services since at least 2016 without following procurement guidelines established in federal regulations.

This memorandum contains one recommendation. NSF concurred with our recommendation. Please provide a written corrective action plan to address the recommendation within 60 calendar days. This corrective action plan should detail specific actions and associated milestone dates.

We provided a draft of this memorandum to NSF management for review on August 18, 2021. NSF provided us with comments on September 24, 2021, which we considered and incorporated into the memorandum.

EPSCoR RII Track-2 Award Administration

EPSCoR seeks to enhance research competitiveness in jurisdictions that have historically received a small share of NSF grant dollars by strengthening science, technology, engineering, and math capability and capacity. NSF's EPSCoR Section, within NSF's Office of Integrative

¹ NSF OIG 21-2-004, *Audit of NSF's Established Program to Stimulate Competitive Research Awards*, August 2021

Activities, awards four types of RII awards as part of its efforts to achieve program goals. As part of our ongoing audit, we looked at RII Track-2 awards, which provide up to \$1.5 million per year for up to 4 years to support the establishment of interjurisdictional teams of investigators working collaboratively on NSF priority topics.

Each EPSCoR award recipient has full responsibility for activity supported under the award and the results achieved. To help assess how well it is achieving goals, NSF requires each RII Track-2 awardee to provide data, such as participant demographic and publication information, to a vendor that collects, analyzes, and reports about the data to NSF and individually to each awardee. This helps inform NSF and the awardee how to optimize processes and activities to best achieve the programmatic goals and expected outcomes.

NSF Procurement of EPSCoR Data Collection Services

The *Federal Acquisition Regulation* (FAR) requires agencies to ensure that goods and services are obtained at fair and reasonable prices,² and to publicize solicitations to increase competition, among other things.³ Federal award recipients also must provide full and open competition when procuring services.⁴ Procuring goods and services consistent with guidelines established in federal regulations also helps ensure that records of procurement decisions are created and maintained, allowing for decision-making transparency.

Since at least 2016, however, NSF has directed funding to a vendor for data collection services without ensuring full and open competition. NSF did not procure the data collection services itself via a contract, which would have been subject to the FAR, or document that an exception applied to permit a noncompetitive award. Instead, the EPSCoR Track-2 program solicitation directs awardees to budget \$12,500 per year of the life of the award for centralized project data collection activities, and the award terms and conditions require awardees to use NSF's designated vendor for the service. Although NSF does not name the specific vendor in the solicitation or terms and conditions, EPSCoR program office staff notify awardees after they receive their award that they must contract with NSF's designated vendor for a specified price and product/service.

NSF provided a list in February 2021 stating there were 53 active RII Track-2 awards. Based on that information, the expected data collection services for these awards would total approximately \$622,000 for 1 year.

NSF staff could not explain or support why NSF did not contract directly with the vendor instead of directing awardees to do so, how they selected the vendor, or how they ensured that the agreed-upon price was fair and reasonable. When services are purchased without competition or an assessment of the reasonableness of the proposed costs, NSF and award recipients have less assurance that the purchased services provided the best value product or service, while maintaining the public's trust and fulfilling public policy objectives.

² FAR §15.402(a)

³ FAR §5.002

⁴ 2 CFR §200.319(a), "[all] procurement transactions for the acquisition of ... services required under a Federal award must be conducted in a manner providing full and open competition"

Recommendation

We recommend that NSF's Chief Financial Officer immediately initiate a contracting process in accordance with federal law for EPSCOR RII Track-2 award data collection services.

Agency Response

Teresa Grancorvitz, Chief Financial Officer and Head, Office of Budget, Finance and Award Management, and Alicia J. Knoedler, Ph.D., Head, Office of Integrative Activities, responded as follows: "NSF agrees with the OIG's recommendation. We extend our appreciation to the OIG for identifying and promptly alerting us to this circumstance. NSF has reviewed all available options, including financial assistance agreements, and concluded that, in this specific instance, a procurement contract is appropriate. In view of the OIG's proactive engagement, NSF has already begun corrective actions, consistent with the OIG's recommendation. If you have any questions, please contact Ms. Grancorvitz at ...703-292-8200."

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

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