Summary of Arizona State University’s Audit by the National Science Foundation With Impact on School of Mathematical and Statistical Sciences (SoMSS) Faculty

Finding 1: Subawards - NSF Approval Not Obtained Before Transferring Significant Portions of Award to Other Organizations

- **Description:** ASU transferred $891k in subawards to Georgia Tech Research Corporation and the University of Georgia so that departing ASU faculty could continue their NSF-funded research. The PI received approval from the NSF program director, but ASU did not officially request the change through FastLane or notify the grants and agreements officer. NSF has asked ASU to repay $850k of the $891k.

- **Impact on SoMSS Faculty:**
  A. ASU will strengthen its controls for awarding new subawards. Whenever you want to issue a new subaward, be sure to let ORSPA know so they can get the proper approvals.
  B. ORSPA will review subaward invoices to make sure the sponsor has officially approved the subaward before paying the invoices. The subaward invoice payment process has already been delayed by the Workday rollout, and this finding will add one more review.

Finding 2: Expenses Not Appropriately Allocated to NSF Awards

- **Description:** NSF asked ASU to repay $129k in unallowable expenses.

  A. **Student Stipends** – There were 6 instances where ASU charged a student stipend/tuition to an NSF grant for work outside the project period. For example, ASU awarded a stipend for the spring 2014 semester on a grant that ended in February 2014.

  B. **Other Expenses** – There was a charge for a publication that didn’t credit NSF, and the publication wasn’t included in the annual report. ASU charged NSF for 6 participants to attend a conference, but it should have only charged for 5.

  C. **Materials and Equipment** – There were 11 instances where ASU charged NSF for materials and supplies or equipment in the final 90 days of a grant. For example, ASU charged $5.7k for Testosterone ELISA kits 8 days before a grant ended. NSF stated, “It does not appear reasonable to charge the full cost of the expenses to this NSF award, as the materials would only have been available for a maximum of 8 days of the award’s 5-year POP [period of performance].”

- **Impact on SoMSS Faculty:**
  A. Materials and supplies purchases in the final 90 days of a project will receive greater scrutiny and may not be allowable. We have asked ORSPA for guidance on dollar amounts, timeframes, or justifications to determine when supplies at the end of a project are allowable.
  B. If you have unspent funds at the end of a grant, we highly recommend that you request a no-cost extension. The first no-cost extension is allowable under expanded authorities, and a second no-cost extension requires sponsor approval.
C. When you are publishing a paper, be sure to credit the sponsor and include the publication in your annual report

Finding 3: Inappropriate Allocation of Indirect Costs

- **Description:** NSF asked ASU to repay $57k in unallowable IDC.
  - **Equipment** – ASU misclassified 5 equipment purchases as supplies, which meant they were assessed IDC when they shouldn’t have been.
  - **Participant Support** – ASU and NSF are negotiating 3 charges. NSF says they qualify as participant support, but ASU says they don’t. Participant support charges are exempt from IDC.

- **Impact on SoMSS Faculty:** We will need to carefully review charges over $5k to determine whether they are capital equipment. ORSPA and Financial Services want to make sure we don’t incorrectly code supplies as capital equipment. Sponsors don’t want us to code capital equipment as supplies.

Finding 4: Unsupported Expenses

- **Description:** NSF asked ASU to repay $41.5k in unsupported expenses
  - **Insufficient Documentation to Support Costs** – NSF identified 6 charges that did not include itemized receipts or other documentation to justify the cost and explain how it benefitted the grant.
  - **Credits Not Properly Reimbursed to NSF Awards** – There were 2 charges, one for equipment and another for travel, which were later partially credited. The credits weren’t assigned to the NSF account.

- **Impact on SoMSS Faculty:** SoMSS already documents the business purpose/justification for every charge. Invoices for services and consultants may receive greater scrutiny to explain how the charges were determined.

Finding 5: Inappropriate Subaward Payment

- **Description:** ASU paid a subawardee for projected expenses when the subaward agreement stated we would only reimburse for expenses already incurred. NSF has asked ASU to repay the $32.5k.

- **Impact on SoMSS Faculty:** ORSPA will only pay subawardees and invoice sponsors for costs actually incurred, not projected.

Finding 6: Unallowable Expenses

- **Description:** NSF has asked ASU to repay $22k in unallowable expenses.
  - **Pre-Award Expenses** – ASU paid an internal recharge center for services incurred before the start date.
  - **Entertainment-Related Expenses** – ASU charged one NSF grant for aprons used in a teambuilding activity and another for bartending services. Entertainment and alcohol are unallowable on federal awards.
  - **Travel Expenses** – One travel charge was cited for not complying with the Fly America Act. Three more did not comply with per diem rates for lodging or meals and incidentals.
  - **Salaries** – ASU incorrectly paid 2 faculty based on the amount budgeted in the proposal rather than their salary agreement.
Impact on SoMSS Faculty:
- A. Charges for services before the start date or after the end date of a grant are unallowable on federal awards. Due to difficulty in processing pre award expenses, the general policy of SoMSS is not to encourage expenses before the period of performance.
- B. SoMSS already reviews international travel for compliance with the Fly America Act. If you are traveling internationally on a federal award, check with Janis or Sasha before booking a flight on a non-US airline.
- C. ASU will carefully review per diem rates for lodging and meals. If you are claiming hotel/lodging on a travel request, click the link in My ASU TRIP to review the per diem rate. If appropriate, check the box to indicate that you are staying at the conference hotel. If your hotel is over the per diem rate and isn’t the conference hotel, include a justification in the comment box.
  - The State of Arizona travel policy limits meals on the first and last day of travel to 75% of the per diem for meals and incidentals. This also applies to all accounts, not just federal awards. If you are claiming meals on the first or last day of a trip, make sure it doesn’t exceed 75% of the per diem rate.
- D. SoMSS will continue to pay employees based on their salary agreements rather than the rate budgeted in the proposal.

Finding 7: Unreasonable Travel Expenses
- Description: NSF identified a $5k travel charge that included business and personal travel. ASU reduced the claim for some but not all of the personal travel.
- Impact on SoMSS Faculty: When your trip includes personal travel, attach a quote for the airfare excluding the personal travel days to your trip request. ASU will reimburse you for the cost paid or for the estimate excluding personal travel, whichever is less. You are allowed 1 day before/after a domestic trip or 2 days before/after an international trip.

Finding 8: Inappropriate Application of Proposed Indirect Cost Rates
- Description: For many years, ASU used the IDC rate at the time we submitted the proposal rather than the rate in effect when the award was received. This resulted in under-collecting IDC on federal awards.
- Impact on SoMSS Faculty: Effective 7/1/18, ASU began assessing IDC on sponsored awards according to the IDC rate agreement at the time of the award, not the proposal. This means the IDC rate on your federal awards might be slightly higher. For the full details and FAQ, click here. ASU’s current IDC rate agreement (54.5% for FY17, 56% for FY18, 56.5% for FY19, and 57% for FY20) was negotiated in 2016. Federal awards with a start date of 7/1/16 or later will follow this rate agreement.

Finding 9: Non-Compliance with ASU Policies
- Description: NSF noted expenses that didn’t comply with ASU policies
  - A. Failure to Submit Travel Expense Reports on Time – NSF identified 7 trips for which the traveler submitted their expense report more than 30 days after completing the trip.
B. **Failure to Obtain Prior Authorization for Travel** – NSF identified another 7 trips for which the traveler didn’t obtain prior authorization for travel (i.e. they submitted an after-the-fact trip request).

C. **Failure to Purchase from an Approved Supplier** – NSF identified 2 purchases from non-university-approved suppliers.

D. **Failure to Document Constructive Airfare Costs** – NSF identified 2 trips that included personal travel, but ASU did not adequately document the business and personal portion of the expenses.

o **Impact on SoMSS Faculty:**

  A. **After-the-Fact Trip Requests** – According to ASU travel policy, “All travel with an overnight stay should be authorized by an ATO [Authorizing Travel Official] prior to the trip start date or when expenses are incurred.” Trip requests should be submitted at least 5 business days before your trip to allow adequate time for SoMSS to review and approve your request. We recommend submitting the request when you book your flight. Late trip requests will require a justification, and they’re likely to receive greater scrutiny going forward.

  B. **Late Expense Reports** – Expense reports are due 30 days after you return from your trip. Late expense reports require a justification and approval from the CLAS dean.