



NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

Case Number: A03110061

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This grant¹ was selected as part of our proactive review of FY 2001 awards for conferences, workshop, and symposia to assess compliance with applicable laws, regulations, and award conditions. As part of this review, we requested documents from the grantee describing how it dispensed program income, if any was generated. Program income was generated and several charges appeared questionable. We closed the initial file² and opened this case to question those charges, which included a charge for a banquet (a possible social event) and a charge for workshop bags given to the conference attendees. We wrote the grantee and asked for explanations and supporting documentation.

Regarding the social event, the grantee agreed entertainment costs were unallowable, but thought program income could be spent on reasonable activities for which grant funds were unavailable. We informed the grantee unallowable charges were, by definition, not reasonable and program income had to be treated with the same restrictions as federal funds. After a series of delays, the grantee then attempted to justify the social event as programmatic in nature. The reasons provided were not convincing. Regarding the workshop bags, the grantee said they furthered the purpose of the workshop because they provide a means to distribute material.

We concluded the grantee was not able to justify its questionable charges. It avoided responding to our requests and delayed our attempts to resolve this matter in a timely fashion. The grantee wondered why it had to respond to our questions as it has other, similar Federal awards on which it has not been questioned, and against which it evidently charges similar expenses. Therefore, we are referring this matter to our Office of Audit with the suggestion all the grantee's NSF awards be audited to test if its expenditures are allowable, allocable, and reasonable. Accordingly, this case is closed.

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