



NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

Case Number: A04070050

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We were informed¹ that an institution² had sought after-the-fact approval for the reallocation and expenditure of participant support funds.³ The award was designed to provide support for a foreign collaborator to come to the United States to work with the PI. The NSF program officer⁴ had denied the institution's after-the-fact request to reallocation participant support funds to supplies. The award⁵ PI⁶, explained that the events of 9/11 made it very difficult for the foreign collaborator⁷ to obtain a visa. On reviewing the financial records we found that NSF's first indication that there was a problem was in a request to reallocate funds that had ALREADY been spent for supplies. In reviewing the list of supplies that were purchased, we found that the bulk of the purchases occurred 2 years before the institution or the PI notified NSF. The PI had not requested reallocation of the funds before they were reallocated, nor had he indicated a change in scope for the award.

The award conditions require prior approval from the program for change in scope and reallocation of budget items.⁸ The agency Specific Requirements, require prior approval for any reallocation in participant support funds. In addition, the award letter states that the award is subject to the FDP, Agency-Specific Requirements and explicitly stated that the grantee should not change the scope of work or work plan, participant support costs, foreign travel costs, or major participants without prior consultation with and concurrence of the cognizant NSF Program Officer.

We contacted the institution and it offered to, and eventually repaid NSF the funds that had been reallocated without permission. Accordingly, this case is closed.

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED] a faculty member in the [REDACTED]
8 [REDACTED]

⁸ FDP-III section 25(b) Recipients are required to report deviations from budget and program plans, and request prior approvals for budget and program plan revisions, in accordance with this section. 25(c)(1) states, change in the scope or the objective of the project requires written prior approval. Article 3 of the Agency Specific Requirements (7/1/00) states that the grantee must have prior written approval for reallocation of participant support funds.