



NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

Case Number: I02050016

Page 1 of 1

A university¹ requested that the National Science Foundation (NSF) review the inclusion of Research Management Services (RMS) costs in award proposals. NSF's Cost Analysis and Audit Resolution Branch told the University it would consider funding RMS operations for future awards when the University received approval from their cognizant agency².

The University's cognizant agency rejected the University's methodology for direct charging of RMS services and advised the University to discontinue the inclusion of RMS support in federal project budgets. The University responded to the cognizant agency and agreed to no longer include RMS recharges in federal project proposals.

In response to the questions raised regarding RMS charges, the NSF Office of Inspector General's Office of Audits (OIG/AUD) conducted an audit of the University's RMS charges and found that despite the cognizant agency's determination, the University had continued to charge RMS costs to NSF awards. The University inappropriately charged approximately \$1.5 million in RMS and related Facilities and Administrative (F&A) costs. Consistent with the cognizant agency's determination, OIG/AUD concluded that RMS recharges were not in compliance with OMB Circular A-21.

In response to the OIG/AUD audit, the University agreed to repay \$247,991 of the questioned costs. This amount represented RMS costs charged to NSF awards approved after the date the University responded to the cognizant agency's decision. However, the University considers the remaining \$1.2 million allowable because RMS charges were included in NSF approved award budgets before the cognizant agency's decision date.

OIG investigators reviewed all of the University's documents pertaining to this matter and did not find any indication of criminal intent or any information which would rise to the level of civil culpability on the part of the University or its staff to defraud the U.S. government.

In light of the above, OIG Investigations referred this matter back to OIG/AUD.

Accordingly, this case is closed.

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[REDACTED]

| | Agent | Attorney | Supervisor | AIGI |
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