

NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

Case Number: I-03-05-0020

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We received an allegation from a complainant¹ who alleged that his/her university was charging a 5% "surcharge" to all federal grants. Complainant also alleged that when s/he brought this matter to the attention of the university, they retaliated against him/her and his/her students by limiting their ability to conduct research and that his/her job with the university was in jeopardy.

OIG contacted the university's Office of Internal Audits (OIA). OIA stated that in 2002 they conducted a review of federal awards to determine whether improper charging practices similar to those that had occurred at another university were present. OIA's review disclosed that approximately \$173,000² in technical salary charges on awards open as of November 2002 may not have been in strict compliance with A-21 requirements.

During OIG's meetings with university officials, they stated that technical services were rendered but were not charged appropriately.³ The services should have used a recharge rate rather than an estimated percentage of technical personnel costs, which ranged from 2 – 7.5%.

OIG requested the university's OIA to identify all technical salaries that had been improperly charged to all open and closed NSF awards for FYs1997 – 2004. OIG also requested OIA to include the indirect costs associated with those charges. The review disclosed a total of \$364,539 of technical salaries, including fringe and indirect costs, that were improperly charged to NSF awards, which the university agreed to reimburse to NSF. OIG reviewed the ledgers for each NSF award to verify OIA's review. OIG's investigation disclosed no evidence of fraud on the part of university officials in this matter.

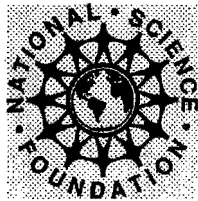
At the request of OIG, the university also reviewed all non-NSF federal awards within the College of Engineering and determined that during the period FYs1997 – 2004, there was \$518,993 of unsubstantiated technical salary charges to those awards. The university stated that they will report the unsubstantiated charges to the respective federal agencies. In addition, OIG notified the respective OIGs for each agency affected.

Regarding the allegation of retaliation, the university provided OIG with a copy of its faculty investigation panel's report which concluded: "We find no violation of faculty rights and privileges in the matters referred to us for hearing." OIG's investigation disclosed no evidence of retaliation in

¹ [REDACTED]

² This amount did not include technical salary charges to closed awards and it did not include fringe and indirect costs for the technical salary charges to open awards.

³ The technical services were not charged in compliance with OMB Circular A-21 § J.8.b.(2)(c).



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this matter.

Accordingly, this case is closed.