
MEMORANDUM

To: Deans, Directors, Department Heads, Principal Investigators, and Research Administrators
From: David Bond, Director, Sponsored Research Services
Milagros Concepcion, Assistant Controller, Office of the Controller
Date: June 6, 2013
Subject: NSF initiative to identify high risk awardees

The National Science Foundation is using a new approach to identify high risk awardees. In its 2013 plan of work, the NSF Office of Inspector General (OIG) describes its use of “data analytics” to identify high risk grantees to be selected for audit.

This approach uses multiple data sources and enables examination of 100 per cent of transactions, revealing anomalies that indicate possible unallowable or unreasonable expenditures. The data sources NSF will use include awarded proposals, expense reports, cash draw-downs, annual single audits (aka A-133 Audits), information in USAspending.gov (including data submitted quarterly for ARRA awards), 990 tax returns (GuideStar) and others.

The data analytics approach increases the OIG’s efficiency in identifying risk at all stages of awards. This includes the following:

Pre-Award Risks

- ✓ Inflated budgets
- ✓ Conflict of interests amongst proposal reviewers

Post-Award Risks

- ✓ Unusual burn rates (e.g. expenditures for equipment at the end of an award)
- ✓ Excess cash on hand
- ✓ Large expenditures during the last 3 months for an award
- ✓ Large expenditures immediately following the end of the award
- ✓ Financial progress that lags or exceeds programmatic progress
- ✓ Missing, late, or inadequate progress reports
- ✓ Multiple post-close-out financial adjustments

How does this change affect the Principal Investigator?

Principal Investigators and anyone associated with managing finances for sponsored programs need to ensure due diligence at all phases of the proposal – award life cycle. This change does not require any “new” actions or procedures, but it does highlight the importance of certain best practices, including

- ✓ Thorough and accurate budget planning and justification using RIT's budget template,
- ✓ Timely proposal development and review by department and college signatories,
- ✓ Careful review of monthly grant statements to ensure all charges are allocated timely and accurately and that you understand the spending rate,
- ✓ Submission of all required reports in a timely and accurate fashion,
- ✓ Monitoring project activities and expenses to ensure a reasonable burn rate, and
- ✓ Communicating with Sponsored Research Services and Sponsored Programs Accounting staff on issues of concern.

Note on drawing NSF funds

NSF has also recently announced that all awards made will be promptly closed 90 days after the award end date. Since RIT draws funds in arrears, this means that all transactions should be properly and timely recorded on the award by the 60th day following the award's end date.

If you have any questions about this information, please contact your SRS or SPA representative.