



NSF OIG CORNER

Lessons Learned from Auditing NSF's EPSCoR Program

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NSF's Established Program to Stimulate Competitive Research (EPSCoR) supports projects in states, territories, and commonwealths that have historically received a small share of NSF grant dollars. EPSCoR's goal is to enhance the research competitiveness of targeted jurisdictions by strengthening their STEM capacity and capability.

For the past 2 years, we have been auditing how NSF is ensuring compliance with federal requirements in administering awards through EPSCoR. We focused on high-risk areas at selected EPSCoR recipients, as well as NSF's oversight and administration of the awards. Our findings involved subrecipient monitoring, K-12 summer research programs, and issues caused by accounting system changes, as described below.

Subrecipient Performance

We noticed a large disparity in resources and expertise needed to administer federal awards between subrecipients that have a single audit and those that do not meet the single audit threshold. We found the latter group likely needed additional oversight because they may not have the accounting systems, policies, and procedures needed for adequate federal award administration. EPSCoR projects are expected to be inclusive and to broaden participation, so it is common — and encouraged — for awardees to include such subrecipients. Programs that promote the participation of inexperienced subrecipients often need more robust risk assessments by prime recipients. Traditional checklists for assessing subrecipient risk may not be enough to identify a higher risk subrecipient and plan appropriate oversight. These subrecipients may need training, on-site reviews, and other technical assistance to understand and comply with the unique requirements of federal awards.

K-12 Summer Research Programs

EPSCoR projects often include outreach programs to promote STEM interest in K-12 students. We found EPSCoR recipients regularly charged their NSF awards for supplies, promotional items, and the costs of activities for the students; however, federal guidance is not clear and consistent regarding the allowability of these costs on EPSCoR awards. Our audit highlighted the need for consistency and clarity in cost allowability associated with summer research programs so that NSF and its EPSCoR recipients can make informed decisions before problems arise.

Accounting System Changes

Implementing a new accounting system increases the risk of accounting errors that can adversely impact multiple awards. This issue affects not only EPSCoR recipients, but all recipients of federal awards. We found significant questioned costs at multiple EPSCoR recipients tied directly to improper coding of transactions during a change in the recipients' accounting systems.

Our goal in highlighting these findings for NSF and its recipients is to make both groups aware of the additional risks associated with accounting system changes and to take necessary precautions to reduce those risks.

Based on our findings at the selected recipients, we alerted NSF of potential trouble spots across its portfolio of EPSCoR awards. For more information, please see our EPSCoR reports on our website at oig.nsf.gov.

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