

## Recent OIG Audit Findings

### Unallowable Publication Expenses

FINDING	NOTES
Failure to include acknowledgement statement	The acknowledgement statement must be included verbatim on all publications as required by the sponsor. Exact language and requirements vary by agency. For PHS awards, see item 7 from the <a href="#">FY 2026 Legislative Mandates</a> .
Acknowledgement statement and allocated costs are not aligned	Each funding source identified in the acknowledgement statement must be charged.  <i><b>Example:</b> Georgetown charged NSF for \$11,690, or 100%, of expenses incurred to publish a research paper that acknowledged two NSF funding sources and two non-NSF funding sources. All funding sources were managed by Georgetown and were open at the time of the publication. Because the research paper acknowledged support from four funding sources, and Georgetown could not provide a justification for why the costs were charged to a single award, \$8,768 (75%) of the publication costs are not allocable to NSF.</i>

### Unallowable Costs

FINDING	NOTES
Charged costs for promotional items	Promotional items and memorabilia are unallowable on federal awards, per <a href="#">2 CFR 200.421</a> . Promotional items include gifts, souvenirs, t-shirts, models, or bags. Items provided at workshops, conferences, or community meetings should be highly scrutinized to ensure those items are necessary for the success of the event.

### Travel Costs

FINDING	NOTES
Recipients charged unreasonable hotel and lodging expenses exceeding the GSA Daily Lodging Rates	While the University does not require absolute adherence to the GSA per diem (the PSC requires costs to be “reasonable”), auditors can question any cost above the GSA schedule as unreasonable.
Recipients and subrecipients failed to comply with the Fly America Act	Unless exempt, federal funds may only be used to purchase tickets from U.S. flag carriers. This requirement flows down to subrecipients. More information can be found on the <a href="#">PSC website</a> and the <a href="#">GSA website</a> . Please note, the Open Skies Agreement exception does not apply to Department of Defense awards.

### Non-Compliance with Institutional Policies and Procedures

FINDING	NOTES
Recipients and subrecipients were noncompliant with institutional policies	University employees must comply with the PSC’s <a href="#">Procurement Rules</a> , the PSC’s <a href="#">Travel Statement</a> , the <a href="#">University’s Sponsored Project Handbook</a> , and applicable <a href="#">system-</a> and <a href="#">campus-wide policies</a> .  Multiple audit findings were associated with an employee failing to certify effort reports in a timely manner. Under <a href="#">University policy</a> , employees must ePERs within 120 days.

## Inappropriately Allocated Expenses

FINDING	NOTES
Purchases near the expiration of an award were not allocated properly or inappropriately charged to an award.	<p>Sponsors and auditors will highly scrutinize equipment and supply purchases near the end of an award. Lease agreements and service warranty costs cannot extend past the performance of performance for an award. Supplies and equipment arriving after the POP cannot be charged to an award.</p> <p><b>Example 1:</b> UNL charged NSF \$15,598—or 100 percent—of expenses incurred to enter into an annual lease to access computer nodes. UNL used the computer nodes to perform award-related research for 4 months of the 12-month lease. However, 8 months—or 66.67 percent—of the lease period was for access to the computer nodes after the award expired. Therefore, UNL inappropriately charged \$10,399—or 66.67 percent—of the costs to NSF.</p> <p><b>Example 2:</b> UNL charged NSF for \$2,680 in materials and supplies. Although UNL purchased the materials prior to the award end date, the materials were not shipped until two days before the award expiration date, and UNL did not provide documentation to support the date the materials were received, nor that they would have been available and used to benefit the award prior to the award ending.</p> <p><b>Example 3:</b> Brown charged NSF for \$3,501 in materials and supplies for an iPad, 2-year protection plan, keyboard, and other computer peripherals. These items were purchased within the last 71 days of the award’s period of performance, the protection plan covered a period that extended beyond the award expiration date, and Brown’s justification did not support the items purchased at the end of the award were necessary to achieve the award objectives.</p>
Recipient did not provide documented allocation methodology when charging costs	<p>Cost allocations must be documented and must provide adequate explanation of why and how costs were divided among multiple activities. This documentation must be retained by the department under the <a href="#">University’s Record Retention policy</a>.</p> <p><b>Example:</b> UNL charged NSF for equipment expenses without documenting its allocation methodology. Specifically, in April 2020, UNL charged NSF \$1,945 in equipment expenses. Although the expense benefitted the award and UNL allocated the expense based on a percentage, UNL did not document its allocation methodology or justification for the allocation across all the funding sources.</p>
Meal costs were unreasonable	<p>Costs charged to awards must reflect the actual quantity of food provided and consumed by participants. Auditors can question food costs in exceeding the GSA per diem schedule.</p> <p><b>Example:</b> We identified a discrepancy between the number of documented attendees and the quantity of food</p>

	<p><i>provided for a catering expense Georgetown charged to NSF Specifically, while attendance records reflected 35 participants, the invoice indicated service for 60 guests. Georgetown explained that the meeting took place during Ramadan, and additional servings were provided to accommodate fasting attendees who would eat after sunset. Georgetown also noted that each meeting day spanned between 9 and 12 hours, requiring meals to sustain participants throughout the day. While we considered this context in our evaluation, we still found the catering expense exceeded what would be considered reasonable for the number of attendees. Using only the food and beverage portion of the invoice, we calculated a per-attendee daily cost and compared it to the General Service Administration (GSA) per diem rate for Washington, D.C. for April 2023 to test for reasonableness. The actual per-attendee cost exceeded the GSA per diem, which led to the identification of \$208 in questioned costs, including \$165 in questioned direct Travel costs along with \$43 in questioned indirect costs applied to the transaction.</i></p>
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**Participant Support Costs**

FINDING	NOTES
<p>Participant support costs were not classified appropriately</p>	<p><a href="#">Section 2.13.8 of the University’s Sponsored Project Handbook</a> defines participant support costs as: “Participant support costs are direct costs that support participants and their involvement in a sponsored project. Participants are individuals who engage in or attend program activities under a sponsored project, such as training or conferences, but who are not responsible for implementing the project. Individuals, including University employees, committing effort to the development or delivery of program activities under a sponsored project are not considered participants.”</p> <p>Improper classification of participant support costs will affect indirect cost recovery.</p> <p>Rebudgeting from participant support costs to another budget category requires sponsor prior approval.</p> <p><b>Example:</b> UNL used \$863 in participant support funding to cover the PI’s travel expenses.</p>

## Subrecipient Monitoring

FINDING	NOTES
Pass-through entities were in non-compliance with federal payment requirements	2 CFR 200 requires subrecipients to be paid within 30 calendar days unless the pass-through entity believes costs included in the invoice are improper. PIs and administrative units must promptly approve invoices for processing.
Subrecipients did not comply with invoicing requirements under the subaward terms and conditions	Before approving an invoice, be sure to review the subaward agreement for invoice requirements, such as inclusion of cumulative costs, name of subrecipient contact, and breakdown of expenses by cost category. All federal subrecipient invoices <b>MUST</b> include the certification as provided by <a href="#">2 CFR 200.415(b)</a> .
Subrecipients were non-compliant with subaward reporting requirements	Subrecipients must meet all progress and invention reporting requirements required by the terms and conditions of the subaward agreement. The University must receive all progress and technical reports on time and the PI must review and approve the reports to indicate they have read them.
Pass through entities did not document PI approval for invoices	PIs should initial, sign, or document their review and approval of subrecipient invoices.  <i><b>Example:</b> Northeastern paid a subrecipient invoice. Although the Senior Director of Finance approved the invoice, the university did not provide documentation that the PI approved or reviewed the invoice.</i>
Pass-through entities approved subrecipient invoices that had incorrect charges for fringe benefits and indirect costs	PIs and administrative units must ensure all invoiced costs are correct and that subrecipients have applied the correct fringe benefit rate and indirect cost rate.