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This newsletter is prepared by the Office of Compliance and is intended to provide you with current information about research compliance issues. For additional information, to view past newsletters, or to provide comments about this or any future issues of this newsletter, please contact the Office of Compliance at (213) 740-8258 or at complan@usc.edu.

Audit Update: NSF Comes to USC

In recent years, the National Science Foundation (NSF) has implemented an audit initiative to determine if costs claimed by research institutions are allowable, allocable, reasonable, and in conformance with NSF award terms and conditions. As part of this effort, the NSF recently notified USC that it will be performing an audit of costs claimed by the University on NSF awards over the last three years.

In audits at institutions like Virginia Tech, New York University, and the University of South Florida, the NSF's Office of Inspector General (OIG) has determined that certain costs charged to its NSF sponsored agreements did not always comply with applicable Federal requirements. Although the findings vary by institution, some common areas of focus include salary charging, travel reimbursements, and equipment charges.

To review NSF's reports arising out of this audit initiative, please visit: <http://www.nsf.gov/oig/auditpubs.jsp>

NSF Incorporates FAQ Allowing Rebudgeting for Senior Personnel into the 2015 PAPP Guide

Several recent NSF audit reports have focused on salary charges over two months for senior project personnel. Between 1978 and 2009, NSF had a policy limiting faculty on academic year (9 month) contracts to two months of summer salary. Starting in 2009, NSF changed this limitation to apply to senior project personnel and to allow the two months of salary to be charged throughout the fiscal year. Salary charges over two months were allowed providing they were proposed, justified in the budget justification, and approved by NSF in the award. In 2010, NSF issued an FAQ stating that after an award is made, awardees could rebudget salary over two months without prior approval from NSF, as long as there was no change in the scope of the award. In the 2015 Proposal and Award Policies and Procedures Guide (PAPPG), which goes into effect on December 26, 2014, NSF has incorporated this FAQ in Chapter II.C.2.g(i)(a) of the PAPPG ("Senior Personnel Salaries & Wages Policy").

As it has in the past, the "Senior Personnel Salaries & Wages Policy" section reads, in part, "[a]s a general policy, NSF limits the salary compensation requested in the proposal budget for senior personnel to

no more than two months of their regular salary in any one year. This limit includes salary compensation received from all NSF-funded grants.... If anticipated, any compensation for such personnel in excess of two months must be disclosed in the proposal budget, justified in the budget justification, and must be specifically approved by NSF in the award notice budget."

With the addition of the language from the FAQ, however, the 2015 PAPPG also provides that "[u]nder normal rebudgeting authority, ... an awardee can internally approve an increase or decrease in person months devoted to the project after an award is made, even if doing so results in salary support for senior personnel exceeding the two month salary policy. No prior approval from NSF is necessary as long as that change would not cause the objective or scope of the project to change. NSF prior approval is necessary if the objective or scope of the project changes."

The effect of adding this language to the PAPPG is to make explicit grantees' rights to rebudget salary over 2 months without NSF approval as long as there is no change in the scope of the award.

The entire 2015 NSF PAPPG can be found here:

<http://www.nsf.gov/pubs/policydocs/pappguide/nsf15001/index.jsp>

NSF has listed "significant changes and clarifications" from the current NSF PAPPG here:

<http://www.nsf.gov/pubs/policydocs/pappguide/nsf15001/sigchanges.jsp>

What's New - Research Training Finder!

A search tool has been developed for USC faculty, PIs, postdocs, students, research staff, and lab technicians to assist those who conduct and administratively support research at USC in determining research compliance training requirements.

The tool uses a dynamic filter that provides a specialized training portfolio based on who you are and what your responsibilities entail.

You can visit the finder here: <http://researchtrainingfinder.usc.edu/>

NSF OIG Releases 2015 Work Plan

On October 31, 2014, HHS OIG released its FY 2015 Work Plan. HHS OIG plans to perform reviews of institutions that received extramural construction grants to build, renovate, or repair non-Federal biomedical and behavioral research facilities to determine whether appropriate bidding procedures were followed and expenditures were allowable. In addition, the OIG plans to assess institutional compliance with selected cost principles issued by OMB in Circular A-21, Cost Principles for Educational Institutions. While HHS OIG may prioritize other areas in its workplan, which is not limited to colleges and universities, it nevertheless remains important to be aware of the areas HHS has determined are important from an audit perspective.

The NSF has also released its FY 2015 Work Plan. The plan includes audits of ARRA awards at 16 institutions and 19 new incurred cost audits. One focus will be how ARRA awards were spent just prior to the September 30, 2013 expiration date. The plan also

includes completion of audits of the FDP Payroll Certification Pilots. As with HHS' Work Plan, this is a framework for audits the NSF intends to complete in FY 2015, but is subject to change. HHS and NSF Work Plans and audit reports are posted to the HHS and NSF OIG websites.

<http://oig.hhs.gov/reports-and-publications/workplan/index.asp#current>

<http://www.nsf.gov/oig/pubs.jsp>

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