National Science Foundation (NSF) Audit Action Plan
Background – Why We’re Here

• The National Science Foundation (NSF) conducted a “performance audit of incurred costs for NSF awards” for the period May 1, 2014 to April 30, 2017.

• The purpose of the audit is to prevent and detect waste, fraud, and abuse.

• NSF contracted with a third-party vendor to conduct the audit on its behalf.

• The vendor used machine-learning algorithms to identify potentially noncompliant reports.

• This new process resulted in a broader and more focused audit of MIT Travel expense reports.

• This is consistent with feedback we received from our peer institutions.
Audit Findings

MIT did not always comply with federal NSF regulations and the Institute's policies when allocating expenses to NSF awards.

The auditors questioned $331,114 of costs claimed by MIT during the audit period. Specifically, the auditors found:

- $255,745 in inappropriately allocated indirect costs;
- $53,382 in inappropriately allocated expenses;
- $17,266 in inappropriately allocated equipment expenses;
- $4,254 of unsupported expenses;
- $1,325 of unallowable foreign airfare expenses.
Audit Findings

1. **Inappropriate Allocation of Indirect Costs**
   MIT inappropriately applied $255,745 in indirect costs to 50 NSF awards

2. **Inappropriate Allocation to Award**
   $53,382 was inappropriately allocated to 10 NSF awards for expensed travel that was not related to the award

3. **Unsupported Expenses**
   MIT did not provide support for $4,254 in expenses charged to NSF award(s)

4. **Travel Not in Compliance with the Fly America Act**
   MIT inappropriately charged NSF for $1,325 in foreign airfare expenses

5. **Noncompliance with MIT's Expense Reporting Policy**
   MIT employees did not submit travel reimbursement documentation within the required timeframe

6. **Noncompliance with MIT's Travel Policy**
   MIT employees did not purchase airfare related to NSF award within the timeframe recommended in MIT's policy
What We Learned

- Audit highlighted a gap in our current audit practices.
- We need to refine our approach on how we justify sponsor-related travel:
  - Today, approvers focus on ensuring that all supporting receipts are attached to a travel expense report and checking to make sure that there are no exceptions to the MIT Travel Policy.
  - Moving forward, approvers should focus on validating that the trip benefits the award.
Action Plan:
Four-Pronged Approach
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Training
Intensify VPF Travel team’s efforts to help travelers and reviewers of travel expense reports understand Institute and sponsor policies and best practices through on-site training initiatives and disseminating information and materials via VPF’s website, newsletter, job aids, and other channels of communication.
Action:

☑️ Job Aid: “Traveling on a Federally Funded Award”

Traveling for MIT on a Federally Funded Award
Plan ahead and know what costs are allowable before you travel

When traveling on a federally funded award, please keep in mind:

- All items on a travel expense report must provide a direct benefit to the project.
- Travelers are expected to be currently working on the project.
- Travelers should refer to their OGB representative for any travel requests in advance.
- Travelers unsure about what is allowable should contact their OGB representative or an MIT financial aid officer.
- Any travel expenses incurred in violation of MIT policy will be charged automatically under MIT policy.
- If a sponsor has capped travel, then a U.S. citizen, a U.S. resident, and a non-U.S. citizen must be notified in advance.
- Invoices that require airfare must be arranged by MIT. Airfare must be ticketed by MIT.
- If a sponsor has capped travel, then a U.S. citizen, a U.S. resident, and a non-U.S. citizen must be notified in advance.
- If a sponsor requires that airfare is included in the Open Campus Agreement, any airfare costs in the Open Campus Agreement may be charged.
- Airfare costs that are not reimbursable under MIT policy but are charged to the sponsor such as a business class airline ticket must be itemized and charged.
- The economy rate assumed at time of booking needs to be itemized as a flight, and the difference needs to be itemized as a flight change and charged to a non-sponsored account.

For help navigating U.S. citizen requirements for the Open Campus Agreement, contact the Travel Office at 617-253-1111 or e-mail Travel@MIT.edu.

Multipurpose Trips
- Documentation is required for trips that have multiple purposes or include personal stays.

Example: A traveler goes to California for a three-day meeting with a sponsor, and then travels directly to a conference in Seattle that is related to the sponsored project. The traveler should, as the time of the booking, obtain a quote or show when the flight cost would have been if the traveler returned to Boston at the completion of the sponsored project. When reporting expenses, this amount can be allocated to the sponsored project.

Travel-Related Expenses (not airfare)
- Only expenses directly related to the particular project should be charged to the sponsored project.

Allowable expenses that can be charged to a sponsor:
- Hotel booking for a conference that directly benefits the project
- Meals and transportation that directly benefit the project
- Check-in or boarding fees
- Overhead or direct costs
- Change fees due to rebooked travel or sponsor-managed meetings with documentation of the date change (time box at night)
- Airline tickets
- Train tickets

Unallowable expenses that cannot be charged to a sponsor:
- Meals purchased in an emergency during travel
- Non-refundable expenses
- Phone or computer rentals that break during travel
- Airline, hotel, rental cars, or any other travel purchased with frequent flyer miles or rewards points and/or not for frequent miles or rewards points
- Costs incurred by unreasonable failure to cancel transportation or rental reservations
- Airfare for alternative vacations including parking expenses
- Personal auto repairs, insurance deductibles, and curbsides
- Lost or stolen tickets, cash, or property
- Travel accident insurance
- Travel insurance (Trip Protection or Trip Cancellation Insurance)
- Car rental insurance for domestic travel
- Expenses not directly related to the performance of the travel assignment
- Restaurant or bar meal expenses, magazines, newspapers, books
- Toiletries, medications, health club fees
- Personal credit card fees or financial charges.
Action Plan:
Four-Pronged Approach

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New Smart Form
Explore opportunities to efficiently and effectively capture more information about the purpose and reasonableness of travel costs as part of the travel expensing process, to better position approvers at all levels to promote compliance.
Planned actions:

- Create and require a **webform** capturing additional information for all sponsored travel (included in expense reporting).

- Add a **Cost Object Type field** in Concur report header to state the purpose of the trip and the benefit to sponsor.

- I certify that the travel expenses charged to the sponsored award are in compliance with the award terms and conditions.

  **Traveler or Approver Signature**

  

  1) Explain the purpose of the trip and how it benefits the award being charged. Be specific.

  2) Was this trip expensed within 60 days of completion of travel?

  - Yes  No

    If no, explain the reason for not submitting travel expense report within 60 days.

  3) Did this trip include any non-sponsored or personal travel expenses?

    - Yes  No

    If yes, confirm these items have been allocated to a non-sponsored account.
Action Plan:
Four-Pronged Approach

Implement Concur Detect Module
Use new tools and data analytics to improve the precision and efficiency of VPF Travel team’s review of travel expense reports
Action:

- Concur Detect

- Streamlines the review and approval process for travel expense reports submitted by MIT’s travelers.

- Automatically reviews each line-item transaction and associated receipt images and highlights transactions that may be at risk of noncompliance with MIT policy.

- If corrections are required, report will be sent back to submitter for review and correction. VPF will work directly with the submitter on corrections. Approvers will no longer be asked to follow up on these items.

- Approvers will be able to focus efforts on ensuring the travel is appropriate, is charged to the correct cost object, and has direct benefit to MIT or the sponsor.
VPF will soon begin using Concur Detect, a new tool designed to streamline the review and approval process for travel expense reports submitted by MIT’s travelers.

Once a travel expense report is submitted, Concur Detect will automatically review each line-item transaction and associated receipt images and highlight transactions that may be at risk of non-compliance with MIT’s Travel Policy. MIT community members working in Concur will now see a new workflow step called “Pending External Validation,” indicating the report is being reviewed by the VPF team. If changes are required, the report will be sent back to the submitter for review and correction.

Since VPF will work directly with the expense report submitter on these corrections, Approvers will no longer be asked to follow up on these items. This new step will help streamline the process for Approvers, who—instead of combing through receipts to double check transactions against our policies—will now be able to focus their efforts on the big picture, ensuring the travel is appropriate, is being charged to the correct Cost Object, and has a direct benefit to MIT or the sponsor.

**Current Flow**

Traveler/Delegate → Cost Object Approver → Travel office → Extraction for payment

**New Flow**

Traveler/Delegate → Concur Detect → Travel Office → Cost Object Approver → Extraction for Payment
Action Plan:
Four-Pronged Approach

Compliance
Enhance activity and trend reporting as it relates to compliance and noncompliance with Institute and sponsor policies.
Planned actions:

- Modify current policy that requires travel expense reports to be submitted 30 days after completion of a trip to 60 days, to give travelers and their staffs more time to complete complex reports and to better align with MIT’s dunning timeline and process.

- Limit the outreach efforts by VPF Travel to one attempt on unexpensed travel that is overdue by more than 60 days, for all non-faculty and VIP cardholders, to more effectively use VPF Travel staff time to audit reports.
Next Steps

- Roll out Concur Detect
- Create a training plan focused on institute and sponsor travel policies
- Implement a new smart form
- Develop audit and compliance procedures
- Create an escalation path and reporting for non compliance

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