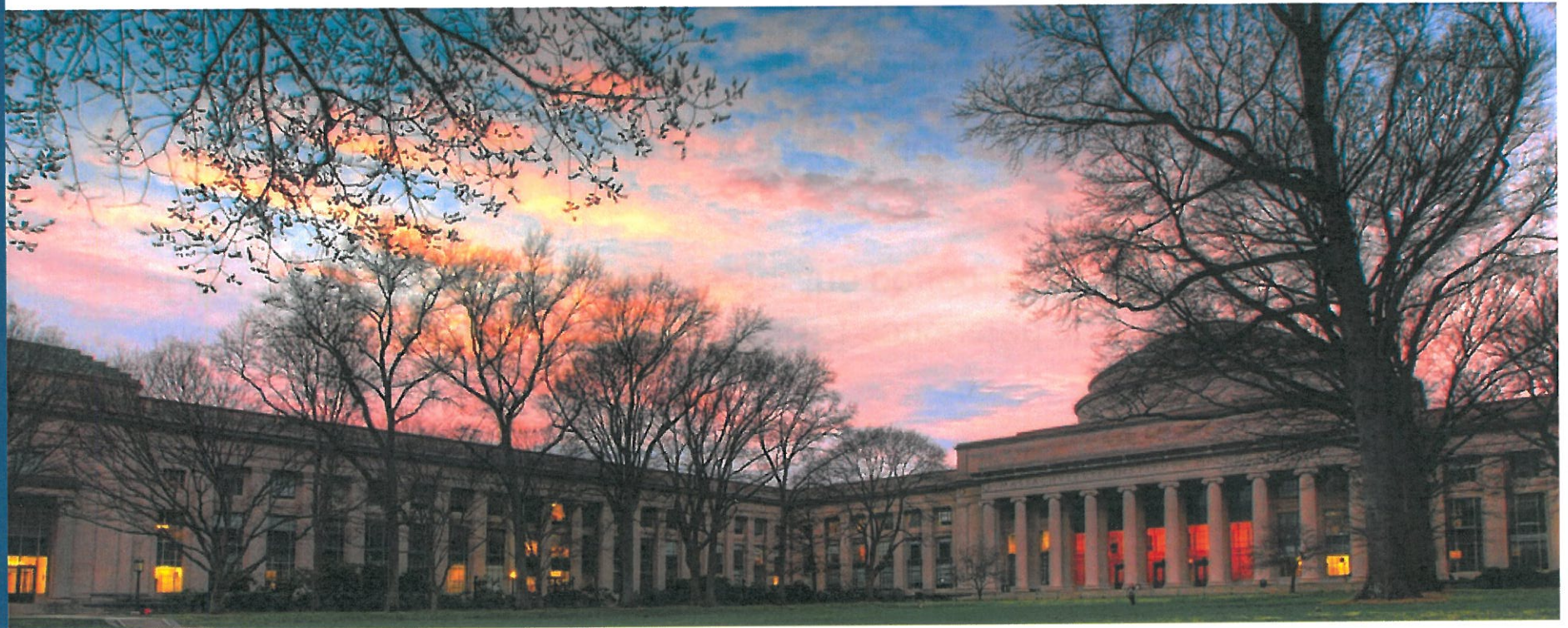


# National Science Foundation (NSF) Audit Action Plan



# 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 charges 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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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.
- The person traveling must be currently working on the project.
- Travelers should refer to Kuala Coeus for any travel restrictions in place by the sponsor. Travelers unsure about allowable costs should contact their OSP representative or RA-Help@mit.edu before booking travel or incurring any travel expenses.
- If a sponsor has specified terms that require a U.S. carrier, a United States Flag Carrier must be used.
- If a sponsor has terms that require an airline that is included in the Open Skies Agreement, only Flag Carriers of the countries listed in the Fly America Act may be used.
- Airline costs that are reimbursable under MIT policy but cannot be charged to a sponsor (such as a business class airline ticket) must be itemized and allocated. The economy rate obtained at time of booking needs to be itemized as airfare, and the difference needs to be itemized as airfare difference and allocated to a non-sponsored account.

For help navigating U.S. carrier requirements or the Open Skies Agreement, contact [travelsupport@mit.edu](mailto:travelsupport@mit.edu) or MIT's preferred travel agencies, *The Travel Collaborative* at 617-497-7400 or *Kay Travel* at 646-880-1551.

#### Multipurpose Trips

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

When booking travel for one trip with multiple purposes, a comparison quote must be obtained at the time of booking to show the exact airfare for the sponsored-related portion of the trip. The quote must be attached to the expense report in Concur.

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

If a traveler arrives early to a sponsored-related event or delays their return for personal reasons, a comparison quote must be obtained at the time of booking to show the exact airfare for the sponsored-related portion. The quote must be attached to the expense report in Concur.

**Example:** A traveler presents research results of the sponsored project at the IEEE Engineering in Medicine and Biology Society Conference in Hawaii. The traveler stays an extra week in Hawaii for personal travel. The traveler should, at the time of the booking, obtain a quote to show what the flight cost would have been if he or she returned to Boston at the completion of the sponsor meeting. 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 a sponsored project.

##### Allowable expenses that can be charged to a sponsor:

- Poster printing for a conference that directly benefits the project
- Materials purchased that directly benefit the project
- Checked baggage fee
- Overweight or oversized baggage fee
- Change fees due to rescheduled conferences or sponsor-mandated meetings with documentation of the date changes (see box at right)
- Seat fees
- Paper ticket fees

##### Unallowable expenses that cannot be charged to a sponsor:

- Materials purchased in an emergency during travel
- Non-recoverable expenses
- Phone or computer cables that break during travel
- Airfare, hotel, rental cars, or any other travel purchased with frequent flyer miles or rewards points and/or cost for frequent miles or rewards points
- Costs incurred by unreasonable failure to cancel transportation or hotel reservations
- Fines for automobile violations including parking tickets
- Personal auto repairs, insurance deductibles, and charges
- Lost or stolen tickets, cash, or property
- Travel accident insurance premiums
- 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
- Headphone or movie rental, magazines, newspapers, books
- Toiletry items, medications, health club fees
- Personal credit card late fees or finance charges

#### Change Fees

Airline “Change Fees” or additional travel agency fees are rarely allowable in federal awards. In instances when a conference is rescheduled or relocated, or the date of a sponsor-mandated meeting is changed after travel is booked, a sponsor may make exceptions. Contact your Office of Sponsored Programs (OSP) representative to determine if a particular charge or agency fee is allowable on your sponsored project.



MIT VPF Office of the Vice President for Finance

OSP MIT OFFICE OF SPONSORED PROGRAMS



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*

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- 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

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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

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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

