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October 28, 2014

Mr. José M. Román  
Assistant Vice President, Post-Award Financial Operations  
New York University  
Sponsored Programs Administration  
105 East 17<sup>th</sup> Street, 3<sup>rd</sup> Floor  
New York, NY 10003

**Re: NSF OIG Audit Report #14-1001**

Dear Mr. Román:

The National Science Foundation (NSF) has completed the review and resolution of the NSF Office of the Inspector General's (OIG) audit report of New York University's (NYU) incurred costs under NSF awards for the period of July 1, 2009 through June 12, 2012.

The audit report identified \$75,494 in questioned costs incurred under NSF awards BCS-0721383, IIS-0643847, IOS-0745253 and CCF-0613893. After review and consideration of the documentation provided by the University, NSF has decided to sustain and disallow the entire amount of \$75,494. NSF also disallows an additional \$252.22 for meeting and conference costs that were identified during audit resolution, for a total of \$75,746.22.

Finding #	Cost Type and Award No.	Questioned	Allowed	Sustained
1	Indirect Costs (BCS-0721383)	\$35,054.00	\$0.00	\$35,054.00
2	Foreign Travel (IIS-0643847)	\$29,288.00	\$0.00	\$29,288.00
3	Equipment (IOS-0745253)	\$10,027.00	\$0.00	\$10,027.00
4	Meetings and Conferences (CCF-0613893)	\$1,125.00	\$0.00	\$1,377.22
<b>Total:</b>		<b>\$75,494.00</b>	<b>\$0.00</b>	<b>\$75,746.22</b>

For finding number 1, the auditors found that the University had overstated indirect costs charged to award BCS-0721383 by \$35,054. The University agreed with the finding, and provided documentation to NSF showing that the indirect cost calculation was corrected during award closeout. As a result, NSF considers this finding and the questioned costs to be fully resolved and closed.

For finding number 2, the auditors identified \$29,288 in foreign travel costs that were charged to NSF award IIS-0643847 despite the fact that the original proposal budget did not request funding for foreign travel. Specifically, the auditors identified five foreign trips that were charged solely to the NSF award, but appeared to partially benefit other research projects. NSF's review and analysis has determined that documentation that the University provided to support the questioned costs does not adequately explain and justify the PI's total activities during each trip. Therefore, NSF was unable to determine how the total activities undertaken during the trips solely benefitted the NSF award in question. Therefore, NSF disallows the questioned costs identified and considers this finding to be resolved. Final action in the form of a repayment in the amount of \$29,288 is required to fully close out this finding.

For finding number 3, the auditors questioned \$10,027 incurred to support the purchase of two computer workstations less than 90 days prior to the expiration date of NSF award IOS-0745253. Per the documentation provided by the University, the purchase of the computers was necessary to support additional modeling and large-scale simulation computing needs that were not anticipated at the beginning of the project. NSF noted that the University did not request a no-cost extension in order to continue and complete the work supported by the purchase of the computers. Although the University stated that subsequent published papers acknowledged the support of the NSF award in question, NSF does not believe that the publications alone provide sound evidence of 100% allocability to the NSF project. Therefore, NSF sustains and disallows the questioned costs associated with the computers. NSF considers the finding resolved. However final action in the form of a repayment in the amount of \$10,027 is required to fully close out this finding.

Finally, the audit report identified \$1,125 in unallowable alcohol and meal charges that were charged to NSF award CCF-0613893 (finding number 4). NSF review of the University's documentation provided to the auditors noted costs for an additional conference-planning dinner that was not identified in the audit report and totaled \$252.22. As the cost of this dinner also appears to be unnecessary and outside the scope of integral conference meals as required by NSF's policy cited in AAG Chapter V.C.5, NSF also disallows the \$252.22. As a result, the total amount of costs sustained and disallowed under this finding is \$1,377.22. The University stated that it intended to repay the \$1,377.22 to NSF via a check and provided documentation to show that the disallowed costs have been removed from the NSF grant account to an unrestricted departmental account. NSF considers this finding resolved and upon repayment of the \$1,377.22, the finding will be fully closed out.

Because the federal appropriations used by NSF to fund the awards where repayment is required have expired, the University must repay the disallowed amount of \$40,692.22 via a check made out to the NSF Cashier and mailed to:

Attn: NSF Cashier - National Science Foundation  
Division of Acquisition and Cooperative Support  
4201 Wilson Blvd., Rm 475  
Arlington, VA 22230

Please be aware that the University's right to appeal a cost disallowance by NSF is outlined in Chapter VII.B of the NSF Award Administration Guide (AAG), which may be found online at: [http://www.nsf.gov/pubs/policydocs/pappguide/nsf14001/aag\\_7.jsp#VIIB](http://www.nsf.gov/pubs/policydocs/pappguide/nsf14001/aag_7.jsp#VIIB)

The University's timely responses and overall cooperation with NSF's audit resolution process have been greatly appreciated. Should you have any questions regarding this letter or NSF's audit resolution process, please feel free to contact Meghan Benson at (703) 292-4884.

Sincerely,

Rochelle D. Ray, Team Lead  
Cost Analysis and Audit Resolution Branch  
Division of Institution and Award Support