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September 8, 2015

David P. Norton, Ph.D.  
Vice President for Research  
University of Florida  
223 Grinter Hall  
P.O. Box 115500  
Gainesville, FL 32611-5500

**Re: Resolution of NSF OIG Audit Report No. 15-1-004**

Dear Dr. Norton:

The National Science Foundation (NSF) has completed its review and resolution of the NSF Office of the Inspector General's (OIG) report on costs incurred under NSF awards by the University of Florida (UF) during the period April 1, 2010 to March 31, 2013.

The audit report identified a total of \$992,462 in questioned costs claimed on 90 NSF awards. As a result of NSF's audit resolution efforts, including the review and analysis of the applicable federal and NSF requirements and documentation provided by the University, NSF has determined to allow \$868,121 of the costs questioned by the auditors and to sustain and disallow questioned costs in the amount of \$124,341, as summarized in the table below:

<b>Finding</b>	<b>Description</b>	<b>Questioned</b>	<b>Allowed</b>	<b>Sustained</b>
1	Exceeded NSF Limits on Senior Salary	\$867,188	\$867,188	\$0
2	Travel and Services Performed After Award Expiration	\$42,958	\$0	\$42,958
3	Unsupportable and Unallocable Transactions	\$32,822	\$0	\$32,822
4	Unreasonable Equipment Charges	\$27,331	\$933	\$26,398
5	Unallowable Student Advances	\$7,880	\$0	\$7,880
6	Unallowable Meal Expenses and Associated Services	\$7,160	\$0	\$7,160
7	Unreasonable Travel Expenses	\$5,495	\$0	\$5,495
8	Foreign Currency Conversion Error	\$1,628	\$0	\$1,628
	<b>Totals:</b>	<b>\$992,462</b>	<b>\$868,121</b>	<b>\$124,341</b>



The NSF management decision for finding number one is based upon the determination that the NSF faculty salary compensation policy is budgeting guidance for the preparation and submission of proposals. As stated in the NSF “Frequently Asked Questions (FAQs) On Proposal Preparation and Award Administration” dated January 2013, awardees “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 rule. No prior approval from NSF is necessary. The caveat is if the change would cause the objective or scope of the project to change, then the awardee would have to submit an approval request via FastLane.” NSF recently clarified the policy in the latest version of the Proposal and Award Policies and Procedures (PAPPG; NSF 15-1).

Based on the above, NSF has determined that the basis for the audit finding misinterprets the NSF faculty salary compensation policy, and as a result, does not sustain the finding or the \$867,188 in questioned costs associated with finding number one.

The sustained costs in the amount of \$124,341 are the result of the University’s concurrence with the audit findings and the results of the review of information and documentation during resolution of the audit report. The University has agreed to repay the entire sustained amount.

NSF has verified that the University has taken action to remove \$124,341 in disallowed costs from the affected awards identified under findings two through eight. Therefore, NSF considers the OIG audit report 15-1-004 resolved and closed.

The University’s timely responses and full 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 contact me at (703) 292-4827.

Sincerely,

*Rochelle D. Ray*

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