

NATIONAL SCIENCE FOUNDATION
Division of Institution & Award Support

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September 6, 2016

Ms. Angela Rowe, Associate Director
Sponsored Research Administration
Florida State University
874 Traditions Way, SSB Third Floor
Tallahassee, FL 32306-4166

Re: Revised Management Decisions for NSF OIG Audit Report No. 15-1-021

Dear Ms. Rowe:

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

The audit report identified a total of \$568,130 in questioned costs claimed on 18 NSF awards and recommended that the University strengthen its administrative and management controls. 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 \$538,348 of costs questioned by the auditors will be allowed, and that \$29,782 will be disallowed, as summarized in the table below.

Finding	Description	Questioned	Allowed	Disallowed
1	Exceeded NSF Limits on Senior Salary	\$444,966	\$444,966	\$0
2	Unreasonable Equipment, Materials and Maintenance Charges	\$96,702	\$72,795	\$23,907
3	Unallocable Computer and Parking Charges	\$14,090	\$13,857	\$233
4	Unreasonable Travel and Supplies Expenditures	\$8,862	\$5,675	\$3,187
5	Expenditures Near Award Expiration	\$3,510	\$1,055	\$2,455
	Total	\$568,130	\$538,348	\$29,782

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.”

As a result of its review, NSF finds that the basis for the audit finding misinterprets the NSF faculty salary compensation policy and; therefore, does not sustain the finding or the \$444,966 in questioned costs associated with finding number one.

Regarding findings two through five, NSF determined that it will allow \$93,382 in questioned costs and disallow \$29,782. The decision to disallow costs questioned under findings two through five is based on the University’s concurrence, and on the NSF determination that certain charges for equipment, materials, maintenance, computers, parking and travel were either unreasonable or unallocable.

NSF notes that disallowed costs in the amount of \$233.00 were repaid on October 20, 2014, per supporting documentation from FSU. As a result, the remaining disallowed costs totaling \$29,549 must be repaid via www.pay.gov.

The University’s right to appeal are set forth in Chapter VII.B of NSF’s Award Administration Guide, which may be found at:

http://www.nsf.gov/pubs/policydocs/pappguide/nsf16001/aag_7.jsp

Finally, while NSF believes that the identification of \$568,130 in questioned costs from a universe of \$166 million provides reasonable assurance that existing internal controls over NSF funding are sound, the Agency suggests that the University consider the following policy enhancements to maximize compliance with university and federal requirements, and to prevent similar findings and cost disallowances in the future:

- a. Develop and implement policies and procedures that provide guidance to staff on when no-cost time extensions of federal awards must be requested from sponsors (applicable to finding 2 and 5);
- b. Revise policies and procedures to require more frequent review of unallowable expenditures under \$1,000 and removal prior to closeout of the award (Finding 3); and
- c. Expand existing travel policies and procedures to address severe weather and other extenuating circumstances that might occur during travel related to federal awards (finding 4).

Based on the above, NSF considers all findings and questioned costs resolved. Upon verification that repayment of the amount of \$29,549 has been completed, the audit report will be fully closed out by NSF.

On the behalf of NSF, I thank the University for its patience and cooperation with the audit and audit resolution processes. In the event that you have questions concerning this letter, please contact me at 703-292-4827.

Sincerely,

Rochelle D. Ray

Rochelle Ray, Team Lead
Cost Analysis & Audit Resolution Branch
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