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December 18, 2015

Julie Seppala
Executive Director
Michigan Technological University
Financial Services and Operations
Third Floor Lakeshore Center
1400 Townsend Drive
Houghton, MI 49931-1295

Re: Resolution of NSF OIG Audit Report No. 15-1-023

Dear Ms. Seppala:

The National Science Foundation (NSF) has completed its review and resolution of the NSF Office of the Inspector General's (OIG) audit report on Michigan Technological University's labor effort reporting system under the Federal Demonstration Project's pilot payroll certification program.

NSF sustains the findings identified in the audit report. After reviewing the University's response to the draft audit report and the response dated November 6, 2015, NSF has determined that the corrective actions proposed are reasonable and acceptable to address the conditions identified by the auditors.

NSF takes no exception to the corrective actions undertaken to improve the timeliness of effort certifications and the adequacy of the University's policies and procedures related to salary and wage distribution (Finding 1), and considers the finding resolved. NSF also accepts the corrective actions proposed to improve the University's internal controls over information technology (Finding 2) and considers that finding resolved as well.

Although both findings are considered resolved, the audit report will not be fully closed until all remaining corrective actions proposed for implementation by March, 2016 have been completed. Please provide NSF with documentation that verifies completion of the remaining corrective actions as soon as it is available.

On the behalf of NSF, I thank you for cooperating with the audit resolution process. The University's timely responses and cooperation have been greatly appreciated. Should you have any questions regarding this letter or the resolution of the audit report, please contact me (703) 292-4827.

Sincerely,

Rochelle D. Ray

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