



NATIONAL SCIENCE FOUNDATION
Division of Institution & Award Support

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May 26, 2017

Ms. Renotta Young
Deputy Controller
Columbia University
615 West 131st Street
Studebaker Building, 4th Floor
New York, NY 10027

Re: Audit Report No. 16-1-021

Dear Ms. Young:

The National Science Foundation (NSF) has completed the review and resolution of the Office of the Inspector General (OIG) audit report on costs incurred under NSF awards by Columbia University during the period April 1, 2011 to March 31, 2013.

The audit report identified a total of \$1,201,755 in questioned costs claimed on 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 had determined \$866,806 of costs questioned by the auditors will be allowed, and that \$334,949 will be disallowed, as summarized in the table below:

Finding	Description	Questioned	Disallowed	Allowed
1	Exceeded NSF Limits on Senior Salary	\$774,976	\$0	\$774,976
2	Unreasonable Equipment, Materials, and Supplies Charges	\$343,794	\$258,191	\$85,603
3	Unsupportable and Unallocable Transactions	\$31,382	\$25,910	\$5,472
4	Unreasonable or Unallowable Transactions	\$25,991	\$25,236	\$755
5	Transactions after Award Expiration	\$22,414	\$22,414	\$0
6	Purchases before Award Effective Date	\$3,198	\$3,198	\$0
Total		\$1,201,755	\$334,949	\$866,806

To resolve the audit findings and questioned costs, NSF conducted careful reviews of applicable federal and NSF requirements, proposal and award information maintained by NSF, and documentation provided by the University. The following provides the basis for the management decisions reached by NSF:

- **Finding 1: Exceeded NSF Limits on Senior Salary**
NSF does not sustain the finding. As stated in the NSF Proposal & Award Policies and Procedures Guide (PAPPG) Chapters VII and X, an awardee 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 policy. No prior approval from NSF is necessary as long as that change would not cause the objective or scope of the project to change. Therefore, it is the NSF management decision that the \$774,976 questioned as excess senior salaries are allowable costs and no further action is required by the University.
- **Finding 2: Unreasonable Equipment, Materials, and Supplies Charges**
NSF sustains the finding based on University concurrence with the majority of the costs questioned or the inability to provide adequate documentation that demonstrated the equipment items in question were allocable and benefitted the corresponding awards. As a result, NSF has disallowed \$258,191 of the questioned costs. NSF has allowed the remaining \$85,603 based on acceptance of additional documentation provided to justify the associated equipment purchases.
- **Finding 3: Unsupportable and Unallocable Transactions**
NSF sustains the finding based on University concurrence. As a result, NSF has disallowed \$25,910. The remaining \$5,472 in questioned costs was not sustained because the University provided sufficient evidence that these costs represent indirect costs that were appropriately never charged to the questioned capital equipment.
- **Finding 4: Unreasonable or Unallowable Transactions**
NSF sustains the finding because either the University concurred, or was unable to provide adequate documentation that demonstrated the transactions were reasonable and allowable. As a result, NSF has disallowed \$25,236 of the costs questioned, and allowed the remaining \$755 based on acceptance of additional documentation provided to justify the questioned costs.
- **Finding 5: Transactions after Award Expiration**
NSF sustains the finding based on University concurrence, and has disallowed the entire \$22,414 in questioned costs.
- **Finding 6: Purchases before Award Effective Date**
NSF sustains the finding because the University was unable to provide evidence of NSF approval to incur costs prior to 90 days before the award start date. As a result, \$3,198 is disallowed.

Please be aware that the University's right to appeal cost disallowances by NSF is outlined in Chapter VII.B of the NSF Award Administration Guide (AAG), which may be found online at:

https://www.nsf.gov/pubs/policydocs/pappg17_1/pappg_12.jsp

The total disallowed amount is \$334,949. The University provided evidence of repayment of \$41,186 under Findings 2 and 3. The remaining disallowed amount of \$293,763 may be repaid via a single check to the National Science Foundation, and sent to the attention of the "NSF Cashier" at the address below. Please reference "OIG Audit Report No. 16-1-021" in the comment section.

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

In reference to compliance and internal control recommendations in the audit report, NSF accepts the University's stated corrective actions as responsive to the recommendations and considers the recommendations to be resolved and closed. NSF commends the University on its efforts to proactively enhance its system of internal controls to ensure compliance under federal awards.

Based on the above, NSF considers all findings and questioned costs resolved. Upon verification that repayment of the amount \$293,763 has been completed, the audit report will be fully closed out by NSF.

The University's timely responses and full cooperation with the NSF audit resolution process have been greatly appreciated. Should you have any questions regarding this letter or the NSF audit resolution process, please contact me at (703) 292-4579.

Sincerely,

Carrie Davison

Carrie Davison, Lead Analyst
Resolution and Advanced Monitoring Branch
Division of Institution & Award Support