



NATIONAL SCIENCE FOUNDATION
Division of Institution & Award Support

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April 17, 2019

Ken Sandel
Senior Director
Sponsored Program Services
Purdue University
610 Purdue Mail
West Lafayette, IN 47907-2040

Reference: OIG Report No. 17-1-003

Dear Mr. Sandel:

The National Science Foundation (NSF) has completed the review and resolution of the Office of Inspector General (OIG) audit report on costs incurred under NSF awards by Purdue University (Purdue) during the period of April 1, 2012 through March 31, 2015.

The audit report identified a total of \$91,281 in questioned costs claimed under NSF awards and recommended that the Purdue strengthen its administrative and management controls for the areas in which findings were identified. As a result of its resolution efforts, NSF has determined that \$51,553 will be allowed and that \$39,728 will be disallowed. The table below summarizes the allowed and disallowed costs by finding number:

Finding	Description	Questioned	Disallowed	Allowed
1	Unreasonable Travel	\$36,437	\$25,866	\$10,571
2	Unreasonable Expenditures	\$28,984	\$10,504	\$18,480
3	Unreasonable Purchases Near Award Expiration	\$25,011	\$2,509	\$22,502
4	Inadequate Documentation	\$849	\$849	\$0
Total		\$91,281	\$39,728	\$51,553

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

- **Finding 1: Unreasonable Travel**

NSF partially sustains the finding. NSF determined that the NSF award received some benefit for the travel totaling \$34,638 of the questioned costs; however, the exact proportion of the benefit could

not be determined. Based on a negotiated settlement and concurrence by Purdue, NSF's management decision is to disallow \$24,067 and to allow \$10,571.

For the remaining questioned costs of \$1,799, NSF found that any final arrangements for the NSF workshop should have occurred on January 3, 2013, not January 2, 2013, and that the first official travel day should have been January 2, 2013, not January 1, 2013. It is NSF's management decision to disallow \$1,799.

- **Finding 2: Unreasonable Expenditures**

NSF partially sustains the finding. Purdue agreed to repay \$10,504 of the questioned costs. For the remaining \$18,480, NSF determined that the access fee to participate in the experiment related to the NSF research was an allowable cost. It is NSF's management decision to disallow \$10,504 and to allow \$18,480.

- **Finding 3: Unreasonable Purchases Near Award Expiration**

NSF partially sustains the finding. Purdue agreed to repay \$2,509. NSF determined that the remaining \$22,502 were allowable expenses under the respective awards. It is NSF's management decision to disallow \$2,509, and to allow \$22,502.

- **Finding 4: Inadequate Documentation**

NSF sustains the finding. Based on Purdue's concurrence, NSF's management decision is to disallow the questioned costs of \$849.

NSF accepts Purdue's stated corrective actions as responsive to the compliance and internal control recommendations related to the audit findings above. NSF considers all compliance and internal control recommendations resolved and closed.

Based on the above, the total disallowed amount is \$39,728. **Repayment of the \$39,728 may be made via www.pay.gov or check payable to the National Science Foundation.** Please reference OIG Audit Report No. 17-1-003. Any necessary adjustments to ACM\$ because of the repayment will be made by the NSF Division of Financial Management.

Check repayments must be addressed as follows:

National Science Foundation
Attention: NSF Cashier
2415 Eisenhower Avenue
Alexandria, VA 22314

Please be aware that Purdue University's right to appeal cost disallowances by NSF is outlined in Chapter XII.B of the NSF Proposal and Award Policies and Procedures Guide (PAPPG), which may be found online at: https://www.nsf.gov/publications/pub_summ.jsp?ods_key=pappg.

NSF considers all audit report findings and questioned costs resolved. Upon verification that repayment of all disallowed costs has been completed, the audit report will be fully closed out by NSF.

Purdue'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, Team Lead – Audit Resolution
Resolution and Advanced Monitoring Branch
Division of Institution and Award Support