



NATIONAL SCIENCE FOUNDATION
Division of Institution & Award Support

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July 11, 2018

David Meier, Director
Audit and Management Advisory Services
University of California, San Diego
9800 Gilman Drive
La Jolla, CA 92093-0919

Reference: OIG Report No. 17-1-006

Dear Mr. Meier:

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 the University of California, San Diego during the period of April 1, 2012 to March 31, 2015.

The audit report identified a total of \$283,801 in questioned costs claimed on NSF awards and recommended that the University 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 \$96,712 will be allowed and that \$187,089 will be disallowed. The table below summarizes the allowed and disallowed costs by finding number:

Finding	Description	Questioned	Allowed	Disallowed
1	Unreasonable Equipment, Materials, and Supplies	\$214,177	\$42,240	\$171,937
2	Unreasonable Travel Expenses	\$54,472	\$54,472	\$0
3	Unallowable Participant Support Expenditures	\$8,744	\$0	\$8,744
4	Unallowable Indirect Costs	\$5,178	\$0	\$5,178
5	Unallocable Visa Immigration Fees	\$1,230	\$0	\$1,230
	Totals	\$283,801	\$96,712	\$187,089

To resolve the audit findings and questioned costs, NSF conducted a detailed review 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: Unreasonable Equipment, Materials, and Supplies**
NSF partially sustains the finding. NSF determined that \$42,240 of the questioned costs represented reasonable, allowable, and allocable costs under NSF awards. Based on the University's concurrence, NSF's management decision is to disallow the remaining questioned costs of \$171,937.

- **Finding 2: Unreasonable Travel**
NSF does not sustain the finding. NSF determined that all questioned travel expenses were reasonable, allowable, and allocable to NSF awards. NSF's management decision is to allow all the questioned costs totaling \$54,472.
- **Finding 3: Unallowable Participant Support Expenditures**
NSF sustains the finding. Based on the University's concurrence, NSF's management decision is to disallow all the questioned costs totaling \$8,744.
- **Finding 4: Unallowable Indirect Costs**
NSF sustains the finding. Based on the University's concurrence, NSF's management decision is to disallow all the questioned costs totaling \$5,178.
- **Finding 5: Unallocable Visa Immigration Fees**
NSF sustains the finding. Based on the University's concurrence, NSF's management decision is to disallow all the questioned costs totaling \$1,230.

Please be aware that the 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 accepts the University's stated corrective actions as responsive to the compliance and internal control recommendations related to the audit findings and NSF considers the recommendations resolved and closed.

The total disallowed amount is \$187,089, of which the University has provided evidence of \$155,376.50 in repayment. **Repayment of the remaining \$31,712.50 may be made via www.pay.gov or check payable to the National Science Foundation.** Please reference OIG Audit Report No. 17-1-006. Any necessary adjustments to ACM\$ because of the repayment will be made by the NSF Division of Financial Management. Mail checks to:

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

Based on the above, NSF considers all findings and questioned costs resolved. Upon verification that repayment of the remaining \$31,712.50 disallowed costs 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 and Award Support