



NATIONAL SCIENCE FOUNDATION
Division of Institution & Award Support

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Alexandria, VA 22314
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May 4, 2018

Jilda Garton
VP for Research & General Manager
Georgia Tech Research Corporation
An affiliated organization of
Georgia Institute of Technology
Atlanta, GA 30332-0415

Reference: OIG Report No. 17-1-008

Dear Ms. Garton:

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 Georgia Tech Research Corporation (GTRC) during the period of April 1, 2012 to March 31, 2015.

The audit report identified a total of \$68,837 in questioned costs claimed on NSF awards and recommended that the GTRC 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 \$48,720 will be allowed and that \$20,117 will be disallowed. NSF has also determined that an additional \$603 identified by GTRC (but not questioned in the audit report) will be disallowed. The total disallowed cost is \$20,720. The table below summarizes the allowed and disallowed costs by finding number:

Finding	Description	Questioned	Allowed	Disallowed
1	Questionable Transactions Near the End of the Award Period	\$ 62,009	\$48,720	\$13,289
2	Unallowable Travel and Relocation Costs	\$ 6,828	\$0	\$6,828
2	Additional disallowed costs			\$603
	Total	\$ 68,837	\$48,720	\$20,720

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 GTRC. The following provides the basis for the management decisions reached by NSF:

- **Finding 1: Questionable Transactions Near the End of the Award Period**
NSF partially sustains the finding. GTRC concurred that \$13,289 was not allocable to the respective awards and agreed to repayment. NSF determined the remaining \$48,720 were allowable costs based on review and acceptance of additional documentation/explanation from GTRC, and concurrence by the respective NSF Program Officers that the purchases represented necessary and allocable equipment under the NSF awards. In one instance the equipment was purchased under an infrastructure award and in a second instance the equipment was a component of a larger piece of equipment that was used for the research. It is NSF's management decision to disallow \$13,289 and to allow \$48,720.
- **Finding 2: Unallowable Travel and Relocation Costs**
NSF sustains the finding based on GTRC's concurrence. It is NSF's management decision to disallow \$6,828. GTRC identified an additional \$603 of associated fringe and indirect costs, which NSF also disallowed.

Please be aware that GTRC'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.

Regarding the compliance and internal control recommendations associated with the audit findings, NSF determined that the GTRC's existing policies and procedures provide reasonable assurance of compliance under awards issued by NSF, and that GTRC's controls over the areas identified in the audit report are working as intended.

Based on the above, NSF considers all findings and questioned costs resolved. Upon verification that repayment of the \$20,720 disallowed costs has been completed, the audit report will be fully closed out by NSF. **Repayment of the \$20,720 may be made via www.pay.gov or check payable to the National Science Foundation.** Please reference OIG Audit Report No. 17-1-008. 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

GTRC'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