



**NATIONAL SCIENCE FOUNDATION**  
**Division of Institution & Award Support**

2415 Eisenhower Avenue  
 Alexandria, VA 22314  
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March 22, 2019

Marcel Villalobos  
 Assistant Director, Postaward Services  
 Sponsored Projects & Contracting Services  
 The University of Arizona  
 1401 E. University Blvd  
 Administration Building, Rm 601  
 PO Box 210066  
 Tucson, AZ 85721

Reference: OIG Report No. 17-1-010

Dear Mr. Villalobos:

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 Arizona during the period of January 1, 2012 through December 31, 2014.

The audit report identified a total of \$56,904 in questioned costs claimed on NSF awards and recommended that the University strengthen its administrative and management controls over the areas in which findings and questioned costs were identified. As a result of its resolution efforts, NSF has determined that \$39,770 will be allowed, and that \$17,134 plus an additional \$5,122 in University-identified unallowable costs will be disallowed, for a total of \$22,256. The table below summarizes the allowed and disallowed costs by finding number:

<b>Finding</b>	<b>Description</b>	<b>Questioned</b>	<b>Allowed</b>	<b>Disallowed</b>
1	Subaward Costs	\$39,770	\$39,770	\$0
2	Unallowable Compassionate Leave	\$12,196	\$0	\$12,196
3	Unreasonable Travel Costs	\$3,529	\$0	\$3,529
4	Unallowable Pre-Award Charges	\$859	\$0	\$859
4a	Additional University-identified Unallowable Pre-Award Charges	\$0	\$0	\$5,122
5	Unallowable Cost Charged	\$550	\$0	\$550
	<i>Total</i>	\$56,904	\$39,770	\$22,256

To resolve the audit findings and questioned costs, NSF conducted detailed 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: Subaward Costs**

NSF does not sustain the finding. Based on a review of the award file, NSF believes it reasonable to conclude that the Program Officer was aware and approved of project effort performed by Villanova University. Additionally, based on subaward language included in Amendment 001 of the award, NSF was aware of and approved the subaward activities, despite the inclusion of subaward language that did not approve the full subaward amount. It is NSF's management decision to allow the questioned amount of \$39,770.

- **Finding 2: Unallowable Compassionate Leave**

NSF sustains the finding. Based on the University's concurrence, NSF's management decision is to disallow the \$12,196 in cost questioned under this finding.

- **Finding 3: Unreasonable Travel Costs**

NSF sustains the finding. Based on the University's concurrence, NSF's management decision is to disallow the \$3,529 in questioned costs under this finding.

- **Finding 4: Unallowable Pre-Award Charges**

NSF sustains the finding. Based on the University's concurrence, NSF's management decision is to disallow the \$859 in questioned costs under this finding. In addition, NSF will disallow \$5,122 in additional unallowable pre-award charges identified by the University of Arizona, for a total of \$5,981.

- **Finding 5: Unallowable Cost Charged**

NSF sustains the finding. Based on the University's concurrence, NSF's management decision is to disallow the \$550 in questioned costs under this finding.

NSF accepts the University of Arizona's corrective actions taken to address the auditors' recommendations as responsive and applauds the University's use of the findings and recommendations as "a learning exercise to use as a guiding point to review and refresh research administration training and communication." NSF considers all compliance and internal control recommendations resolved and closed.

Based on the above, the total disallowed amount is \$22,256. **Repayment of the \$22,256 may be made via [www.pay.gov](http://www.pay.gov) or check payable to the National Science Foundation.** Please reference OIG Audit Report No. 17-1-010. 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 the University of Arizona's right to appeal the above 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](https://www.nsf.gov/publications/pub_summ.jsp?ods_key=pappg).

NSF considers all of the 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.

The University of Arizona'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 Carrie Davison at 703-292-4579.

Sincerely,

*Rochelle D. Ray*

Rochelle D. Ray, Branch Chief  
Resolution and Advanced Monitoring Branch  
Division of Institution and Award Support