



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

2415 Eisenhower Avenue  
 Alexandria, VA 22314  
 (703) 292-8244

October 26, 2018

Alicia Reed  
 Director of Research Administration  
 University of Kansas Center for Research  
 2385 Irving Hill Road  
 Lawrence, KS 66045

Reference: OIG Report No. 18-1-001

Dear Ms. Reed:

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 Kansas Center for Research (KUCR) during the period of October 1, 2011 through September 30, 2014.

The audit report identified a total of \$329,049 in questioned costs claimed on NSF awards and recommended that KUCR 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 \$155,394 will be allowed and that \$173,655 will be disallowed. 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	Unreasonable Equipment	\$172,030	\$139,488	\$32,542
2	Unreasonable Travel	\$91,484	\$14,529	\$76,955
3	Inadequate Documentation and Unallowable Participant Support Costs	\$42,054	\$0	\$42,054
4	Improper ACM\$ Request	\$13,047	\$0	\$13,047
5	Unreasonable or Unallowable Transactions	\$8,838	\$1,377	\$7,461
6	Purchase Before Award Effective Date	\$1,596	\$0	\$ 1,596
	<i>Total</i>	\$329,049	\$155,394	\$173,655

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

- **Finding 1: Unreasonable Equipment**

NSF partially sustains the finding. KUCR concurred that \$32,542 was not allocable to the respective awards and agreed to repayment. NSF determined that the remaining \$139,488 were allowable costs based upon review and acceptance of additional documentation to justify that the equipment purchases were necessary and reasonable for the completion of the corresponding awards. It is NSF's management decision to disallow \$32,542 and to allow \$139,488.

- **Finding 2: Unreasonable Travel**

NSF partially sustains the finding. KUCR concurred that \$76,955 was not allocable to the respective awards and agreed to repayment. NSF determined that the remaining \$14,529 were allowable costs based upon review and acceptance of additional documentation to justify that the travel was necessary and reasonable for the completion of the corresponding awards. It is NSF's management decision to disallow \$76,955 and to allow \$14,529.

- **Finding 3: Inadequate Documentation and Unallowable Participant Support Costs**

NSF sustains the finding. Based on KUCR's concurrence, NSF's management decision is to disallow the questioned costs of \$42,054.

- **Finding 4: Improper ACM\$ Request**

NSF sustains the finding. Based on KUCR's concurrence, NSF's management decision is to disallow the questioned costs of \$13,047.

- **Finding 5: Unreasonable or Unallowable Transactions**

NSF partially sustains the finding. KUCR concurred that \$7,461 was not allocable to the respective awards and agreed to repayment. NSF determined that the remaining \$1,377 were allowable costs based upon review and acceptance of additional documentation to justify that the purchase was necessary and reasonable for the completion of the corresponding award. It is NSF's management decision to disallow \$7,461 and to allow \$1,377.

- **Finding 6: Purchase Before Award Effective Date**

NSF sustains the finding. Based on KUCR's concurrence, NSF's management decision is to disallow the questioned costs of \$1,596.

NSF accepts KUCR's stated corrective actions as responsive to the compliance and internal control recommendations related to the audit findings above. In addition, NSF has determined that the corrective actions taken by KUCR in response to the "Other Matter" related to effort reporting are responsive to the auditor's recommendation. NSF considers all compliance and internal control recommendations resolved and closed.

Based on the above, the total disallowed amount is \$173,655, of which KUCR has provided evidence of \$29,270 in repayment. **Repayment of the remaining \$144,385 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. 18-1-001. Any necessary adjustments to ACM\$ as a result 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 KUCR'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](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 the remaining \$144,385 disallowed costs has been completed, the audit report will be fully closed out by NSF.

KUCR'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