



NATIONAL SCIENCE FOUNDATION
Division of Institution & Award Support

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

October 28, 2019

Justo Torres, Director
 Office of Contracts and Grants
 North Carolina State University
 2701 Sullivan Drive
 Administrative Services III, Suite 240
 Raleigh, NC 27695

Reference: OIG Report No. 18-1-003

Dear Mr. Torres:

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 North Carolina State University (NCSU) during the period of January 1, 2013 through December 31, 2015.

The audit report questioned a total of \$49,192 in costs claimed under NSF awards and recommended that NCSU strengthen its administrative and management controls for the areas in which findings were identified. Based on NCSU's agreement with the findings and questioned costs identified in the audit report, NSF's management decision is to disallow all questioned costs in the amount of \$49,192. The table below summarizes the disallowed costs by finding number:

Finding	Description	Questioned	Allowed	Disallowed
1	Unsupported Expenses	\$16,709	\$ 0	\$16,709
2	Unallowable Pre-Award Salary Expenses	\$11,824	\$ 0	\$11,824
3	Unallowable Business-Class Airfare	\$8,879	\$ 0	\$8,879
4	Expenses Not Appropriately Allocated to NSF Awards	\$6,162	\$ 0	\$6,162
5	Inappropriate Allocation of Indirect Costs	\$5,618	\$ 0	\$5,618
Total		\$49,192	\$ 0	\$49,192

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

Based on the above, the total disallowed amount is \$49,192, of which NCSU has provided evidence of \$7,464 in repayment. **Repayment of the remaining \$41,728 may be made via www.pay.gov or check payable to the National Science Foundation.** Please reference OIG Audit Report No. 18-1-003. 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, C 7000
Alexandria, VA 22314

Please be aware that NCSU'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.

NCSU'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