



NATIONAL SCIENCE FOUNDATION
Division of Institution & Award Support

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

October 28, 2019

James Burke, Director
Office of Contracts and Grants
National Academy of Science
2701 Sullivan Drive
500 Fifth Street, NW, K1057
Washington, DC 20001

Reference: OIG Report No. 18-1-005

Dear Mr. Burke:

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 National Academy of Sciences (NAS) during the period of November 1, 2013 through October 31, 2016.

The audit report questioned a total of \$90,902 in costs claimed under NSF awards and recommended that the NAS strengthen its administrative and management controls for the areas in which findings were identified. Based on the NAS' 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 \$90,902. The table below summarizes the disallowed costs by finding number:

| Finding | Description | Questioned | Allowed | Disallowed |
|----------------|--|-------------------|----------------|-------------------|
| 1 | ACM\$ Funds Improperly Drawn Down | \$54,725 | \$ 0 | \$54,725 |
| 2 | Expenses Not Appropriately Allocated to NSF Awards | \$12,447 | \$ 0 | \$12,447 |
| 3 | Unallowable Meal Expenses | \$12,047 | \$ 0 | \$12,047 |
| 4 | Unallowable Travel Expenses | \$11,683 | \$ 0 | \$11,683 |
| Total | | \$90,902 | \$ 0 | \$90,902 |

NSF accepts NAS'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 \$90,902, of which NAS has repaid the full amount via check.

National Academy of Sciences

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Please be aware that NAS'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 and closed.

NAS'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