



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

---

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

July 18, 2019

Michael Daniels  
Executive Director of Research Financial Operations  
Northwestern University  
Office of Financial Operations  
619 Clark Street, Room 111  
Evanston, IL 60208

Reference: OIG Report No. 19-1-001

Dear Mr. Daniels:

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 Northwestern University (Northwestern) during the period of July 1, 2013 through June 30, 2016.

The audit report questioned a total of \$51,461 in costs claimed under NSF awards and recommended that Northwestern 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 all questioned costs in the amount of \$51,461 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 Expenses Near and After Award Expiration	\$21,937	\$0	\$21,937
2	Misapplication of Indirect Costs (IDC) on Capital Equipment	\$17,517	\$0	\$17,517
3	Unallowable or Unallocable General Expense Charges	\$7,174	\$0	\$7,174
4	Unreasonable, Unallowable, or Unsupported Travel Costs	\$3,589	\$0	\$3,589
5	Unsupported or Incorrect Charges to Participant Support	\$1,244	\$0	\$1,244
	<b>Total</b>	<b>\$51,461</b>	<b>\$0</b>	<b>\$51,461</b>

To resolve the audit findings and questioned costs, NSF conducted detailed reviews of applicable Federal and NSF requirements, proposal and award information maintained by the Agency, and documentation provided by Northwestern. The following provides the basis for the management decisions reached by NSF:

- **Finding 1: Unreasonable Expenses Near or After Award Expiration**  
NSF sustains the finding. Based on Northwestern's concurrence, NSF's management decision is to disallow the questioned costs of \$21,937.
- **Finding 2: Misapplication of Indirect Costs (IDC) on Capital Equipment**  
NSF sustains the finding. Based on Northwestern's concurrence, NSF's management decision is to disallow the questioned costs of \$17,517.
- **Finding 3: Unallowable or Unallocable General Expense Charges**  
NSF sustains the finding. Based on Northwestern's concurrence NSF's management decision is to disallow the questioned costs of \$7,174.
- **Finding 4: Unreasonable, Unallowable, or Unsupported Travel Costs**  
NSF sustains the finding. Based on Northwestern's concurrence, NSF's management decision is to disallow the questioned costs of \$3,589.
- **Finding 5: Unsupported or Incorrect Charges to Participant Support**  
NSF sustains the finding. Based on Northwestern's concurrence NSF's management decision is to disallow the questioned costs of \$1,244.
- **Finding 6: Non-Financial Impact Finding – Misclassifications**  
NSF sustains the finding. Northwestern concurred with this finding and NSF believes that the corrective actions taken by the University should work to improve compliance with expense classifications.

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

Based on the above, the total disallowed amount is \$51,461, of which Northwestern has provided evidence of \$50,148.50 in repayment. **Repayment of the remaining \$1,312.50 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. 19-1-001. 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 Northwestern University'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 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.

Northwestern'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