



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

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Alexandria, VA 22314  
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August 23, 2019

Kenneth Molinaro  
Interim Vice President for Finance and Treasurer  
Office of the Controller  
Princeton University  
201 Carnegie Center, Suite 446  
Princeton, NJ 08540

Reference: OIG Report No. 19-1-004

Dear Mr. Molinaro:

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 Princeton University (Princeton) during the period of November 1, 2013 through October 31, 2016.

The audit report questioned a total of \$436,021 in costs claimed under NSF awards and recommended that Princeton 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 \$380,132 will be allowed and that \$55,889 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>Disallowed</b>	<b>Allowed</b>
1	Unallocable and/or Unreasonable Expenses Near and After Award Expiration	\$433,819	\$53,687	\$380,132
2	Unreasonable/Unallowable Travel Costs	\$2,202	\$2,202	\$0
<b>Total</b>		<b>\$436,021</b>	<b>\$55,889</b>	<b>\$380,132</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 Princeton. The following provides the basis for the management decisions reached by NSF:

- **Finding 1: Unallocable and/or Unreasonable Expenses Near and After Award Expiration**  
NSF partially sustains the finding. Based on Princeton's concurrence, NSF's management decision is to disallow questioned costs totaling \$53,687 under four NSF awards. NSF determined that questioned costs totaling \$380,132 under two NSF awards were allowable expenses under the respective awards. It is NSF's management decision to disallow \$53,687 and to allow \$380,132.

- **Finding 2: Unreasonable/Unallowable Travel Costs**  
NSF sustains the finding. Based on Princeton's concurrence, NSF's management decision is to disallow the questioned costs of \$2,202.
- **Finding 3: Non-Financial Impact Finding - Misclassification**  
NSF sustains the finding. Princeton concurred with this finding and NSF believes that the corrective actions taken by the University should work to improve compliance with expense classifications.
- **Finding 4: Non-Financial Impact Finding - Publication**  
NSF sustains the finding. Princeton concurred with this finding and NSF believes that the corrective actions taken by the University should work to improve compliance with acknowledgement of NSF in publications.

NSF accepts Princeton'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 \$55,889, of which Princeton has provided evidence of \$6,997 in repayment. **Repayment of the remaining \$48,892 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. 19-1-004. 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 Princeton 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.

Princeton'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