



NATIONAL SCIENCE FOUNDATION
Division of Institution & Award Support

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May 12, 2022

Jeffrey Friedland
 Associate Vice President for Research
 Administration
 University of Delaware
 210-A HULLIHEN HALL
 NEWARK, DE 19716-1551

Reference: OIG Report No. 19-1-011

Dear Mr. Friedland:

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 Delaware (UD) during the period of December 1, 2013 through November 30, 2016.

The audit report identified a total of \$426,667 in questioned costs claimed on NSF awards and recommended that UD strengthen its administrative and management controls over the areas in which findings and questioned costs were identified. NSF sustains \$258,467 of the questioned costs identified; however, based on alternative documentation reviewed and accepted during resolution, NSF will require repayment of only \$214,027. The table below summarizes the allowed and disallowed costs by finding number:

Finding	Audit Report Description	Questioned	Sustained	Allowed	Disallowed
1	Inadequate Support for Award Charges	\$233,075	\$185,685	\$80,570	\$152,505
2	Equipment Purchases at the End of Award or With No Benefit to Award	\$125,458	\$26,177	\$99,281	\$26,177
3	Unallowable or Unreasonable Travel Charges	\$44,469	\$24,932	\$21,192	\$23,277
4	Unreasonable Materials and Supplies	\$19,208	\$19,208	\$9,605	\$9,603
5	Unallowable Indirect Costs	\$2,465	\$2,465	\$0	\$2,465
6	Unallowable or Unreasonable Salaries and Wages	\$1,992	\$0	\$1,992	\$0
TOTALS		\$426,667	\$258,467	\$212,640	\$214,027

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

- **Finding 1: Inadequate Support for Award Charges**
NSF partially sustains the finding. NSF's management decision is to sustain \$185,685 of the questioned costs; however, consideration of circumstances and alternative documentation resulted in disallowed costs of \$152,505. NSF's management decision is to disallow \$152,505 and to allow \$80,570.
- **Finding 2: Equipment Purchases at the End of Award or With No Benefit to Award**
NSF partially sustains the finding. NSF's management decision is to sustain and disallow \$26,177 and to allow \$99,281.
- **Finding 3: Unallowable or Unreasonable Travel Charges**
NSF partially sustains the finding. NSF's management decision is to sustain \$24,932 of the questioned costs; however, consideration of circumstances and alternative documentation resulted in disallowed costs of \$23,277. NSF's management decision is to disallow \$23,277 and to allow \$21,192.
- **Finding 4: Unreasonable Materials and Supplies**
NSF sustains the finding and questioned costs of \$19,208. No documentation was maintained to support when the supplies were received and put into service as required by 2 CFR § 220, Appx A, Subsection J.31, "Materials and Supplies Costs." However, consideration of circumstances and alternative documentation resulted in disallowed costs of \$9,603. NSF's management decision is to disallow \$9,603 and to allow \$9,605.
- **Finding 5: Unallowable Indirect Costs**
NSF sustains the finding. Based upon UD's concurrence to repay questioned indirect costs applied to participant support costs, it is NSF's management decision to sustain and disallow \$2,465.
- **Finding 6: Unallowable or Unreasonable Salaries and Wages**
NSF sustains the internal control recommendation; however, it does not sustain the questioned costs. NSF determined that there was adequate supporting documentation for the questioned salary transfer. NSF's management decision is to allow \$1,992.

The compliance and internal control recommendations under Findings 1 through 4 and Finding 6 have not been adequately addressed. Corrective actions and updated policies in response to the recommendations are required within 30 days from the date of this letter. **Final action will be considered complete upon NSF's determination that corrective actions taken are responsive to the report recommendations.**

Based on the above, the total disallowed amount is \$214,027. UD has provided NSF evidence of \$63,801 in repayment. **Repayment of \$150,226 must be made via www.pay.gov.** Please reference OIG Audit Report No. 19-1-011. Any necessary adjustments to ACM\$ because of the repayment will be made by the NSF Division of Financial Management.

Please be aware that UD'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 and that corrective actions taken are responsive to the compliance and internal control recommendations, the audit report will be fully closed out by NSF.

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 Ray, Branch Chief
Resolution and Advanced Monitoring Branch
Division of Institution and Award Support