



NATIONAL SCIENCE FOUNDATION
Division of Institution & Award Support

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November 21, 2023

Brian L. Miller, CRA
 Director of Post-Award Operations
 Emory University
 Research Grants & Contracts Operations (RGC)
 201 Dowman Dr. Atlanta, GA 30322

Reference: OIG Report No. 21-1-008

Dear Mr. Miller:

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 Emory University as of July 25, 2019.

The audit report questioned a total of \$89,884 in costs claimed under NSF awards and recommended that Emory University strengthen its administrative and management controls for the areas in which findings were identified. NSF sustains \$35,465 of the questioned costs identified; As a result of its resolution efforts, NSF has determined that questioned costs in the amount of \$35,465 will be sustained and disallowed and \$54,419 will be allowed. The table below summarizes the sustained, disallowed and allowed costs by finding number:

Finding	Description	Questioned	Sustained	Allowed	Disallowed
1	Grant Transfer Resulted in Unreasonable Equipment Expense	\$54,419	\$0	\$54,419	\$0
2	Expenses Not Appropriately Allocated to NSF Awards	\$21,057	\$21,057	\$0	\$21,057
3	Unallowable Indirect Costs Charged to NSF Awards	\$11,298	\$11,298	\$0	\$11,298
4	Unsupported Supplemental Pay Charged to NSF Awards	\$3,110	\$3,110	\$0	\$3,110
Totals		\$89,884	\$35,465	\$54,419	\$35,465

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

- **Finding 1: Grant Transfer Resulted in Unreasonable Equipment Expense**
NSF does not sustain the finding. Based on NSF's review of documentation related to the purchase of equipment, NSF determined that the cost incurred was an allowable pre-award cost within the 90-day period immediately preceding the start date of the grant and that the advanced funding was reasonable and necessary for the effective and economical conduct of the project. **NSF's management decision is to allow \$54,419.**

Compliance and Internal Control Recommendation 1.2: Based on Emory's concurrence, NSF determined to sustain the Compliance and Internal Control Recommendation. Emory noted that while the approval of pre-award spending was made and documented in accordance with its procedures, the implementation of its Research Administrative Services (RAS) system was underway at that time. Subsequently, Emory updated its Office of Sponsored Programs handbook to augment procedures for grants transferring into Emory, i.e., *Transferring an Award*. The procedure requires that grants transferring into Emory mirror the proposal submission process and requires the approvals for accepting the incoming grant transfer to be routed through its electronic routing, budget development, and institution approval system. NSF has determined that the corrective actions taken by Emory are responsive to the compliance and internal control recommendations in the audit report.

NSF considers Finding 1 resolved and closed.

- **Finding 2: Expenses Not Appropriately Allocated to NSF Awards**
NSF sustains the finding. Based upon Emory's concurrence, it is NSF's management decision to disallow \$21,057.
Corrective Action: Emory has provided evidence of \$4,000 in repayment. NSF requires that Emory repay the remaining disallowed costs of \$17,057.
Compliance and Internal Control Recommendations: NSF has determined that the corrective actions taken by Emory are responsive to the compliance and internal control recommendations in the audit report.

Final Action will be complete upon repayment of \$17,057.

- **Finding 3: Unallowable Indirect Costs Charged to NSF Awards**
NSF sustains the finding. Based upon Emory's concurrence, it is NSF's management decision to disallow \$11,298.
Corrective Action: Emory has provided evidence of repayment of \$5,148 for Award 1555048. NSF requires that Emory repay the remaining disallowed costs of \$6,150.
Compliance and Internal Control Recommendations: NSF has determined that the corrective actions taken by Emory, to strengthen administrative and management controls so that indirect costs are not charged to participant support costs, are responsive to the compliance and internal control recommendations in the audit report.

Final Action will be complete upon repayment of \$6,150.

- **Finding 4: Unsupported Supplemental Pay Charged to NSF Awards**

NSF sustains the finding. Based upon Emory's concurrence, it is NSF's management decision to disallow \$3,110.

Corrective Action: Emory has provided evidence of repayment for Award 1764385 (\$1,560) via credit draw in ACM\$. NSF requires that Emory repay the remaining disallowed costs of \$1,550.

Compliance and Internal Control Recommendations: NSF has determined that the corrective actions taken by Emory to ensure Emory personnel adequately support supplemental pay requests are responsive to the compliance and internal control recommendations in the audit report.

Final Action will be complete upon repayment of \$1,550.

Based on the above, the total disallowed amount is \$35,465. Emory has provided NSF evidence of \$10,708 in repayments. **Repayment of the remaining \$24,757 must be made via www.pay.gov.** Please reference **OIG Audit Report No. 21-1-008**. Any necessary adjustments to ACM\$ because of the repayment will be made by the NSF Division of Financial Management. **Repayment of disallowed costs must be received no later than 90 days from the date of this letter, or February 19, 2024. Failure to provide timely repayment may result in DFM initiating formal collection through the Department of Treasury, Debt Management Services.**

Please be aware that Emory 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. **An appeal must be filed within 30 days from the date of this letter or December 21, 2023.**

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.

Emory University'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 703-292-7827.

Sincerely,

Charlotte Grant-Cobb

Charlotte Grant-Cobb, Team Lead – Audit Resolution
Resolution and Advanced Monitoring Branch
Division of Institution and Award Support

Attachment: Schedule of Sustained, Allowed and Disallowed Costs