



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

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March 21, 2024

Jay E. Turney ([jturney@tnstate.edu](mailto:jturney@tnstate.edu))  
 Controller  
 Tennessee State University  
 3500 John A. Merritt Blvd.  
 Nashville, TN 37209

Reference: OIG Report No. 21-1-017

Dear Jay E. Turney,

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 Tennessee State University (TSU) during the period of October 1, 2014, through July 25, 2019.

The audit report identified a total of \$155,432 in questioned costs claimed on NSF awards and recommended that TSU strengthen its administrative and management controls for the areas in which findings and questioned costs were identified. As a result of its resolution efforts, NSF has determined that \$155,432 will be sustained and disallowed. The table below summarizes the resolution of each finding by recommendation:

Recs	Audit Report Description	Questioned	Sustained	Disallowed	Allowed	Final Action Complete
1.1	Unsupported Costs	\$99,811	\$99,811	\$99,811	\$0	No
1.2	Unsupported Costs	\$21,986	\$21,986	\$21,986	\$0	No
1.3	Strengthen Controls Related to Maintaining Sufficient Supporting Documentation	\$0	\$0	\$0	\$0	No
2.1	Inappropriately Allocated Expenses	\$11,371	\$11,371	\$11,371	\$0	No
2.2	Inappropriately Allocated Expenses	\$ 5,514	\$ 5,514	\$ 5,514	\$0	No
2.3	Strengthen Controls Over Proper Allocation of Costs	\$0	\$0	\$0	\$0	No
3.1	Inappropriate Treatment of Participant Support Costs	\$15,391	\$15,391	\$15,391	\$0	No
3.2	Inappropriate Treatment of Participant Support Costs	\$ 420	\$ 420	\$ 420	\$0	No
3.3	Update Controls Related to Assigning Participant	\$0	\$0	\$0	\$0	No

	Support Costs in Accounting System					
4.1	Unsupported Award Cash Management Service Draws	\$939	\$939	\$939	\$0	Yes
4.2	Update Controls Related to ACM\$ system	\$0	\$0	\$0	\$0	No
5.1	Inadequate Internal Controls Over Time and Effort Reporting	\$0	\$0	\$0	\$0	No
5.2	Strengthen Procedures to Include Pertinent Data on Time & Effort Reports	\$0	\$0	\$0	\$0	No
<b>Summary of Total Questioned Costs</b>		<b>\$155,432</b>	<b>\$155,432</b>	<b>\$155,432</b>	<b>\$0</b>	<b>--</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 NSF, and documentation provided by TSU. The summary below provides the bases for the management decisions reached by NSF:

**Finding 1: Unsupported Costs**

**Recommendation 1.1:** Resolve the \$99,811 in questioned unsupported stipend and payroll costs, and direct TSU to repay or otherwise remove the sustained questioned costs from its NSF awards.

**NSF's Management Decision:** The recommendation is sustained. NSF has determined to disallow \$99,811 of questioned costs.

**Corrective action:** NSF requires that TSU repay the disallowed costs of \$99,811.

**Recommendation 1.2:** Direct TSU to provide documentation supporting that it has repaid or otherwise credited the \$21,986 in questioned unsupported stipend and payroll costs, for which it has agreed to reimburse NSF.

**NSF's Management Decision:** The recommendation is sustained. NSF has determined to disallow \$21,986 of questioned costs.

**Corrective action:** NSF requires that TSU repay the disallowed costs of \$21,986.

**Recommendation 1.3:** Direct TSU to strengthen the administrative and management controls and processes over obtaining and maintaining sufficient supporting documentation.

**NSF's Management Decision:** The recommendation is sustained.

**Corrective action:** NSF requires that TSU strengthen its administrative and management controls and processes related to assessing allowability, allocability, and reasonableness of costs charged to NSF awards. TSU has proposed a corrective action plan (CAP). Evidence of corrective actions taken should be provided to NSF within 90 days from the date of this letter.

**Final action for Finding 1 will be complete upon repayment of \$121,797 and the determination by NSF that corrective actions taken are responsive to the report recommendations.**

**Finding 2: Inappropriately Allocated Expenses**

**Recommendation 2.1:** Resolve the \$11,371 in inappropriately allocated equipment costs, and direct TSU to repay or otherwise remove the sustained questioned costs from its NSF awards.

**NSF's Management Decision:** The recommendation is sustained. NSF has determined to disallow \$11,371 of questioned costs.

**Corrective action:** NSF requires that TSU repay the disallowed costs of \$11,371.

**Recommendation 2.2:** Direct TSU to provide documentation supporting that it has repaid or otherwise credited the \$5,514 in questioned payroll and general ledger costs, for which it has agreed to reimburse NSF.

**NSF's Management Decision:** The recommendation is sustained. Based on TSU's concurrence, NSF has determined to disallow \$5,514 of questioned costs.

**Corrective action:** NSF requires that TSU repay the disallowed costs of \$5,514.

**Recommendation 2.3:** Direct TSU to strengthen its administrative and management controls and processes over the proper allocation of costs.

**NSF's Management Decision:** The recommendation is sustained.

**Corrective action:** NSF requires that TSU provide a cost allocation policy and documentation that staff have been trained on the policy. TSU has proposed a corrective action plan (CAP). Evidence of corrective actions taken should be provided to NSF within 90 days from the date of this letter.

**Final action for Finding 2 will be complete upon repayment of \$16,885 and the determination by NSF that corrective actions taken are responsive to the report recommendations.**

**Finding 3: Inappropriate Treatment of Participant Support Costs**

**Recommendation 3.1:** Resolve the \$15,391 in questioned participant support costs, and direct TSU to repay or otherwise remove the sustained questioned costs from its NSF awards.

**NSF's Management Decision:** The recommendation is sustained. NSF has determined to disallow \$15,391 of questioned costs.

**Corrective action:** NSF requires that TSU repay the disallowed costs of \$15,391.

**Recommendation 3.2:** Direct TSU to provide documentation supporting that it has repaid or otherwise credited the \$420 in indirect costs, for which it has agreed to reimburse NSF.

**NSF's Management Decision:** The recommendation is sustained.

**Corrective action:** NSF requires that TSU repay the disallowed costs of \$420.

**Recommendation 3.3:** Direct TSU to update its administrative and management processes and internal control procedures related to assigning participant support costs within its accounting system.

**NSF's Management Decision:** The recommendation is sustained.

**Corrective action:** NSF requires that TSU strengthen its administrative and management processes and procedures to update its Participant Support policy to include the accounting codes to be used, participant support definition, and the restriction on indirect costs. TSU has proposed a corrective action plan (CAP). Evidence of corrective actions taken should be provided to NSF within 90 days from the date of this letter

**Final action for Finding 3 will be complete upon repayment of questioned costs of \$15,811 and the determination by NSF that corrective actions taken are responsive to the report recommendations.**

**Finding 4: Unsupported Award Cash Management Service Draws**

**Recommendation 4.1:** Direct TSU to provide documentation supporting that it has repaid or otherwise credited the \$939 in questioned unsupported Award Cash Management Service drawdowns, for which it has agreed to reimburse NSF.

**NSF's Management Decision:** The recommendation is sustained. NSF has determined to disallow \$939 of questioned costs.

**Corrective Action:** TSU has provided NSF documentation to show that \$939 was returned via ACM\$ in April 2020.

**NSF considers final action complete under recommendation 4.1.**

**Recommendation 4.2:** Direct TSU to update its administrative and management processes and internal control procedures surrounding the Award Cash Management Service system.

**NSF's Management Decision:** The recommendation is sustained.

**Corrective Action:** NSF requires that TSU put additional procedures in place to ensure consistent and accurate treatment to support cash draws for a particular award. TSU has proposed a corrective action plan (CAP). Evidence of corrective actions taken should be provided to NSF within 90 days from the date of this letter.

**Final action for Finding 4 will be complete upon the determination by NSF that corrective actions taken are responsive to the report recommendation.**

**Finding 5: Inadequate Internal Controls Over Time and Effort Reporting**

**Recommendation 5.1:** Direct TSU to strengthen the administrative and management procedures over certifying time and effort reports in a timely manner.

**NSF's Management Decision:** The recommendation is sustained.

**Corrective action:** NSF requires that TSU strengthen its administrative and management controls and processes related to time and effort reporting, including a control in the Office of Grants Accounting to remind PIs and their supervisors of uncertified reports. TSU has proposed a corrective action plan (CAP). Evidence of corrective actions taken should be provided to NSF within 90 days from the date of this letter

**Recommendation 5.2:** Direct TSU to strengthen the administrative and management procedures over certifying time and effort reports in a timely manner.

**NSF's Management Decision:** The recommendation is sustained.

**Corrective action:** NSF requires that TSU strengthen the administrative and management procedures over certifying time and effort reports in a timely manner. TSU has proposed a corrective action plan (CAP). Evidence of corrective actions taken should be provided to NSF within 90 days from the date of this letter

**Final action for Finding 5 will be complete upon the determination by NSF that corrective actions taken are responsive to the report recommendations.**

Based on the above, the total disallowed amount is \$155,432. TSU has provided evidence of \$939 in repayment. **Repayment of \$154,493 must be made via [www.pay.gov](http://www.pay.gov).** Please reference OIG Audit Report No. 21-1-017 in the comments section as well as on all documentation. Any necessary adjustments to ACM\$ as a result of the repayment will be made by the NSF Division of Financial Management (DFM). **Repayment of disallowed costs must be received no later than 90 days from the date of this letter. Failure to provide timely repayment may result in DFM initiating formal collection through the Department of Treasury, Debt Management Services.**

NSF requires that TSU provide, within 30 days of the date of this letter, a Corrective Action Plan Schedule for this report, i.e. a list of actions, tasks, and target dates for completion. **Evidence of corrective actions taken for all compliance and internal control recommendations should be provided to NSF no later than 90 days from the date of this letter.**

Attached is a Summary Schedule of Allowed and Disallowed Costs, which includes the Compliance and Internal Control Recommendations requiring final action. Upon verification that repayment of the remaining \$154,493 of disallowed costs has been completed and that corrective actions are responsive to the compliance and internal control recommendations in the audit report, OIG Audit Report 21-1-017 will be fully closed out by NSF.

Please be aware that TSU'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). **An appeal must be filed within 30 days from the date of this letter, or April 20, 2024.**

The University's timely responses and cooperation with the NSF audit resolution process are greatly appreciated. Should you have any questions regarding this letter or the NSF audit resolution process, please feel free to contact Liz DeHart at [edehart@nsf.gov](mailto:edehart@nsf.gov) or Charlotte Grant-Cobb at [cgrantco@nsf.gov](mailto:cgrantco@nsf.gov).

Sincerely,

*Charlotte D. Grant-Cobb*

Charlotte D. Grant-Cobb, Lead Analyst  
Resolution and Advanced Monitoring Branch  
Division of Institution and Award Support

Attachment: Schedule of Allowed and Disallowed Costs

**OIG 21-1-017 Tennessee State University (TSU)**  
**ATTACHMENT 1: Summary Schedule of Allowed and Disallowed Costs**

<b>Finding</b>	<b>Audit Report Description</b>	<b>Questioned</b>	<b>Allowed</b>	<b>Disallowed</b>	<b>To Repay via Pay.gov</b>
<b>1</b>	<b><i>Unsupported Costs</i></b>				
Sustained	Award No. 1649956	\$29,181	\$0	\$29,181	\$29,181
	Award No. 1533515	\$12,372	\$0	\$12,372	\$12,372
	Award No. 1533515	\$7,810	\$0	\$7,810	\$7,810
	Award No. 1533515	\$4,260	\$0	\$4,260	\$4,260
	Award No. 1533515	\$3,550	\$0	\$3,550	\$3,550
	Award No. 1533515	\$3,550	\$0	\$3,550	\$3,550
	Award No. 1533515	\$1,420	\$0	\$1,420	\$1,420
	Award No. 1533515	\$1,420	\$0	\$1,420	\$1,420
	Award No. 1533515	\$1,342	\$0	\$1,342	\$1,342
	Award No. 1623085	\$767	\$0	\$767	\$767
	Award No. 1623145	\$497	\$0	\$497	\$497
	Award No. 1649956	\$17,393	\$0	\$17,393	\$17,393
	Award No. 1533515	\$9,092	\$0	\$9,092	\$9,092
	Award No. 1533515	\$4,733	\$0	\$4,733	\$4,733
	Award No. 1533515	\$4,355	\$0	\$4,355	\$4,355
	Award No. 1533515	\$4,176	\$0	\$4,176	\$4,176
	Award No. 1533515	\$3,483	\$0	\$3,483	\$3,483
	Award No. 1533515	\$2,881	\$0	\$2,881	\$2,881
	Award No. 1533515	\$2,840	\$0	\$2,840	\$2,840
	Award No. 1533515	\$2,840	\$0	\$2,840	\$2,840
	Award No. 1623085	\$2,415	\$0	\$2,415	\$2,415
	Award No. 1623145	\$1,420	\$0	\$1,420	\$1,420
	<b><i>Subtotal Finding 1</i></b>	<b><i>\$121,797</i></b>	<b><i>\$0</i></b>	<b><i>\$121,797</i></b>	<b><i>\$121,797</i></b>
<b>2</b>	<b><i>Inappropriately Allocated Expenses</i></b>				
Sustained	Award No. 1504886	\$8,493	\$0	\$8,493	\$8,493
	Award No. 1504886	\$2,181	\$0	\$2,181	\$2,181
	Award No. 1504886	\$418	\$0	\$418	\$418
	Award No. 1504886	\$279	\$0	\$279	\$279
	Award No. 1623145	\$1,420	\$0	\$1,420	\$1,420
	Award No. 1446427	\$1,377	\$0	\$1,377	\$1,377
	Award No. 1533515	\$1,420	\$0	\$1,420	\$1,420
	Award No. 1533515	\$1,119	\$0	\$1,119	\$1,119
	Award No. 1533515	\$178	\$0	\$178	\$178
	<b><i>Subtotal Finding 2</i></b>	<b><i>\$16,885</i></b>	<b><i>\$0</i></b>	<b><i>\$16,885</i></b>	<b><i>\$16,885</i></b>

	<b>3</b>	<b><i>Indirect Costs Inappropriately Applied</i></b>			
Sustained	Award No. 1146383	\$9,200	\$0	\$9,200	\$9,200
	Award No. 1352672	\$3,000	\$0	\$3,000	\$3,000
	Award No. 1418333	\$1,720	\$0	\$1,720	\$1,720
	Award No. 1558113	\$681	\$0	\$681	\$681
	Award No. 1257882	\$545	\$0	\$545	\$545
	Award No. 1745595	\$420	\$0	\$420	\$420
	Award No. 1745595	\$245	\$0	\$245	\$245
	<b><i>Subtotal Finding 3</i></b>	<b><i>\$15,811</i></b>	<b><i>\$0</i></b>	<b><i>\$15,811</i></b>	<b><i>\$15,811</i></b>
	<b>4</b>	<b><i>Inadequately Supported Expenses</i></b>			
Sustained	Award No. 1004057	\$939	\$0	\$939	\$0
	<b><i>Subtotal Finding 4</i></b>	<b><i>\$939</i></b>	<b><i>\$0</i></b>	<b><i>\$939</i></b>	<b><i>\$0</i></b>
	<b>5</b>	<b><i>Inappropriately Allocated Expenses</i></b>			
Sustained	Multiple awards	\$0	\$0	\$0	\$0
<b>TOTALS</b>		<b><i>\$155,432</i></b>	<b><i>\$0</i></b>	<b><i>\$155,432</i></b>	<b><i>\$154,493</i></b>

**OIG 21-1-017 Tennessee State University (TSU) ATTACHMENT 1 (continued)**

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**COMPLIANCE AND INTERNAL CONTROL RECOMMENDATIONS**

Finding	Recommendation(s)	Final Action Required
1	3	Yes
2	3	Yes
3	3	Yes
4	2	Yes
5	1-2	Yes