



NATIONAL SCIENCE FOUNDATION
Division of Institution & Award Support

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Michael Scott (mjscott@sfsu.edu)
 Associate Vice President
 Research and Sponsored Programs
 San Francisco State University
 1600 Holloway Avenue
 San Francisco, CA 94132

Reference: OIG Report No. 22-1-007

Dear Michael Scott,

The National Science Foundation (NSF) has completed the review and resolution of the NSF Office of Inspector General (NSF OIG) audit report on costs incurred under NSF awards by San Francisco State University (SFSU) dated June 22, 2022.

The audit report questioned \$260 in costs claimed under NSF awards and recommended that SFSU 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 \$260 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	Unallowable Expenses	\$260	\$260	\$260	\$0	Yes
1.2	Unallowable Expenses	\$0	\$0	\$0	\$0	Yes
2.1	Noncompliance with NSF Terms and Conditions	\$0	\$0	\$0	\$0	Yes
3.1	Noncompliance with SFSU Procedures	\$0	\$0	\$0	\$0	Yes
3.2	Noncompliance with SFSU Procedures	\$0	\$0	\$0	\$0	Yes
4.1	Insufficient Controls Related to the Application of Indirect Cost Rates	\$0	\$0	\$0	\$0	Yes
Summary of Total Questioned Costs		\$260	\$260	\$260	\$ 0	

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 SFSU. The summary below provides the bases for the management decisions reached by NSF:

Finding 1: Unallowable Expenses

Recommendation 1.1: Direct SFSU to provide documentation supporting that it has repaid or otherwise credited the \$260 of questioned travel expenses for which it has agreed to reimburse NSF.

NSF Management Decision: The recommendation is sustained. NSF has determined to disallow the questioned costs of \$260. SFSU has provided evidence that the disallowed costs of \$260 has been repaid. NSF considers final action is complete under recommendation 1.1.

Recommendation 1.2: Direct SFSU to strengthen its administrative and management procedures for claiming reimbursement for costs associated with cancelled travel when the traveler purchased travel insurance using sponsored funding. Specifically, SFSU's updated policies should provide travelers with instructions regarding when and how to file travel insurance claims to ensure that SFSU obtains refunds for costs associated with cancelled travel and removes these costs from the sponsored projects.

NSF Management Decision: The recommendation is sustained. NSF has determined that the corrective actions taken by SFSU are responsive to the recommendation to enhance internal controls for claiming reimbursement for costs associated with cancelled travel. NSF considers final action is complete under recommendation 1.2.

NSF considers Finding 1 resolved and closed.

Finding 2: Noncompliance with NSF Terms and Conditions

Recommendation 2.1: Direct SFSU to update its current procedures and internal controls to ensure that Principal Investigators submit annual reports to NSF in accordance with NSF's terms and conditions. Updated procedures should require SFSU to verify the submission of the annual reports with both the Principal Investigators and NSF during the project period.

NSF Management Decision: The recommendation is sustained. NSF has determined that corrective actions taken by SFSU are responsive to the recommendation to enhance internal controls over annual report submissions to NSF. NSF considers final action is complete under recommendation 2.1.

NSF considers Finding 2 resolved and closed.

Finding 3: Noncompliance with SFSU Procedures

Recommendation 3.1: Direct SFSU to strengthen the administrative and management controls it has in place for issuing subawards to ensure that it completes a Subrecipient Risk Assessment Questionnaire for each subawardee prior to subaward execution, consistent with its subaward procedures.

NSF Management Decision: The recommendation is sustained. NSF has determined that corrective actions taken by SFSU are responsive to the recommendation to enhance internal controls over the completion of subawardee risk assessments. NSF considers final action is complete under recommendation 3.1.

Recommendation 3.2: Direct SFSU to (i) strengthen its administrative and management controls to require the procurement office to confirm that it competitively bid consultant services before executing consulting agreements for services in excess of \$1,000, or (ii) update the *Special Consultant-Independent Contractor Hiring Procedures* on its website to be consistent with its current procurement approach.

NSF Management Decision: The recommendation is sustained. NSF has determined that SFSU has controls in place to ensure consultant services are procured consistently with its internal policies. NSF considers final action is complete under recommendation 3.2.

NSF considers Finding 3 resolved and closed.

Finding 4: Insufficient Controls Related to the Application of Indirect Cost Rates

Recommendation 4.1: Direct SFSU to update its current award set-up practices to (i) ensure that it sets up accounts for NSF awards such that each account applies indirect costs using all of the rates established in the Negotiated Indirect Cost Rate Agreement in effect as of the date of grant award, and/or (ii) document that it received approval from a dean and the Office of Research and Sponsored Programs to apply indirect costs using lower rates.

NSF Management Decision: The recommendation is sustained. NSF has determined that corrective actions taken by SFSU are responsive to the recommendation to update its current award set-up practices to ensure it is applying indirect costs using all of the rates established in the Negotiated Indirect Cost Rate Agreement in effect as of the date of grant award, and/or document that it received approval from a dean and the Office of Research and Sponsored Programs to apply indirect costs using lower rates. NSF considers final action is complete under recommendation 4.1.

NSF considers Finding 4 resolved and closed.

NSF considers all report findings and recommendations resolved and closed.

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 contact me at 703-292-4579.

Sincerely,

Carrie M. Davison

Carrie Davison
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