



NATIONAL SCIENCE FOUNDATION
Division of Institution & Award Support

2415 Eisenhower Avenue
Alexandria, VA 22314
(703) 292-8244

April 23, 2025

Grace Rosanes (tgrace@uh.edu)
Director of Research Financial Services
Ezekiel W. Cullen Building
University of Houston
4800 Calhoun Rd
Houston, TX 77004

Reference: OIG Report No. 20-1-005

Dear Grace Rosanes:

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 University of Houston (UH) dated July 23, 2020.

The audit report identified a total of \$133,305 in questioned costs claimed under NSF awards and recommended that UH 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 \$80,117 will be disallowed. The table below summarizes the resolution of each finding by recommendation:

Recs	Audit Report Description	Questioned	Disallowed	Allowed	Final Action Complete
1.1	Expenses Not Appropriately Allocated	\$32,153	\$0	\$32,153	Yes
1.2	Unallowable Expenses	\$21,513	\$21,513	\$0	No
1.3	Allocable Expenses	\$0	\$0	\$0	Yes
1.4	Participant Travel Expenses	\$0	\$0	\$0	Yes
2.1	Unallowable Expenses	\$17,787	\$4,402	\$13,385	No
2.2	Unallowable Expenses	\$19,790	\$19,790	\$0	No
2.3	Document Retention	\$0	\$0	\$0	Yes
2.4	Travel Expense Approval	\$0	\$0	\$0	Yes
2.5	Award Closeout	\$0	\$0	\$0	Yes
2.6	Timely Payments	\$0	\$0	\$0	Yes

2.7	Fringe based on NICRA	\$0	\$0	\$0	Yes
2.8	Publication Expense	\$0	\$0	\$0	No
2.9	Participant Costs	\$0	\$0	\$0	Yes
3.1	Indirect Cost Not Appropriately Applied	\$19,445	\$19,445	\$0	Yes
3.2	Applying Indirect Costs	\$0	\$0	\$0	Yes
4.1	Goods and Services Not Appropriately Procured	\$7,650	\$0	\$7,650	Yes
4.2	Open and Competitive Procurement	\$3,306	\$3,306	\$0	No
4.3	Internal Controls Over Procurement	\$0	\$0	\$0	Yes
5.1	Expenses Not Adequately Supported	\$9,954	\$9,954	\$0	No
5.2	Policies and Procedures Over Document Retention	\$0	\$0	\$0	Yes
5.3	Document Cash Payments	\$0	\$0	\$0	Yes
6.1	Expenditures Not Compliant with NSF Award Terms and Conditions	\$1,707	\$1,707	\$0	No
6.2	Expenditures Not Compliant with NSF Award Terms and Conditions	\$0	\$0	\$0	Yes
7.1	Non-compliance with UH Policies	\$0	\$0	\$0	Yes
7.2	Internal Controls Over Travel Costs	\$0	\$0	\$0	Yes
7.3	Internal controls over Effort Reporting	\$0	\$0	\$0	No
7.4	Internal Controls Over Participant Support Stipends	\$0	\$0	\$0	Yes
7.5	Internal Controls Over Purchase of Equipment	\$0	\$0	\$0	Yes
8.1	Incorrect Application of Proposed Indirect Cost Rates	\$0	\$0	\$0	Yes
9.1	Specialized Service Facility Rates Not Appropriately Reviewed	\$0	\$0	\$0	No
Summary of Total Questioned Costs		\$133,305	\$80,117	\$53,188	

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 UH. UH is required to provide documentation to complete final action under Recs 1.2, 2.1, 2.2, 2.8, 4.2, 5.1, 6.1, 7.3, and 9.1 as summarized in the attachment to this email. Based on the above, the total disallowed amount is \$80,117. To date, UH has provided evidence of \$21,944 in repayment.

Upon verification that repayment of the remaining \$58,173 of disallowed costs has been completed, OIG Audit Report 20-1-005 will be fully closed out by NSF. **Repayment of \$58,173 must be made via www.pay.gov.** Please reference OIG Audit Report No. 20-1-005 in the comments section as well as on all documentation. Any necessary adjustments to ACM\$ because 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.**

Please be aware that UH'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 of the date of this letter.**

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) 292-4827 or rray@nsf.gov.

Sincerely,

Branch Chief
Resolution and Advanced Monitoring Branch
Division of Institution and Award Support
(703) 292-4827