



NATIONAL SCIENCE FOUNDATION
Division of Institution & Award Support

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October 29, 2020

Radenka Maric, VP for Research
Scott Jordan, Executive VP for Administration & CFO
University of Connecticut
438 Whitney Road Extension, Unit 1006
Storrs, CT 06269-1006

Reference: OIG Report No. 20-1-002

Dear Dr. Maric and Mr. Jordan:

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 Connecticut (UConn) during the period of February 1, 2016 through January 31, 2019.

The audit report questioned a total of \$75,139 in costs claimed under NSF awards and recommended that UConn 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 \$1,342 will be allowed and that \$73,797 will be disallowed. The table below summarizes the allowed and disallowed costs by finding number:

Finding	Description	Questioned	Allowed	Disallowed
1	Expenses Not Appropriately Allocated to NSF Awards	\$39,009	\$0	\$39,009
2	Expressly Unallowable Expenses Charged to NSF Awards	\$31,095	\$1,342	\$29,753
3	Inappropriate Use of Funds Provided for Participant Support	\$3,184	\$0	\$3,184
4	Fringe Benefits Not Appropriately Applied to Payroll Charged in Different Fiscal Years	\$1,851	\$0	\$1,851
Total		\$75,139	\$1,342	\$73,797

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

- **Finding 1: Expenses Not Appropriately Allocated to NSF Awards**
NSF sustains the finding. Based on UConn's concurrence, NSF's management decision is to disallow questioned costs totaling \$35,783 under five NSF awards. For the remaining questioned costs of \$3,226, NSF determined that the award did not solely benefit from the travel and that an allocation of 50% per the audit report was reasonable. Therefore, it is NSF's management decision to disallow the entire \$39,009.
- **Finding 2: Expressly Unallowable Expenses Charged to NSF Awards**
NSF partially sustains the finding. Based on UConn's concurrence, NSF's management decision is to disallow questioned costs totaling \$22,987 under ten NSF awards. For the remaining questioned costs of \$8,108 related to business-class airfare, NSF determined to allow \$1,342 as a reasonable amount for economy airfare and to disallow \$6,766. Therefore, it is NSF's management decision to disallow \$29,753 and to allow \$1,342.
- **Finding 3: Inappropriate Use of Funds Provided for Participant Support**
NSF sustains the finding. Based on UConn's concurrence, NSF's management decision is to disallow questioned costs totaling \$1,042. NSF determined that the remaining \$2,142 are disallowed as participant support costs; however, these costs represent otherwise allowable costs. It is NSF's management decision to disallow the entire \$3,184.
- **Finding 4: Fringe Benefits Not Appropriately Applied to Payroll Charged in Different Fiscal Years**
NSF sustains the finding. Based on UConn's concurrence, it is NSF's management decision to disallow \$1,851.
- **Finding 5: Incorrect Application of Proposed Indirect Cost Rates**
NSF sustains the finding. UConn concurred with the finding and NSF accepts that the corrective actions taken will improve controls over indirect cost rates charged to NSF awards.
- **Finding 6: Travel Comparisons Not Appropriately Performed**
NSF sustains the finding. UConn concurred with the finding and NSF accepts that the corrective actions taken will improve controls over travel expenditures.
- **Finding 7: Cost Transfer Documentation Not Appropriately Maintained**
NSF sustains the finding. UConn concurred with the finding and NSF accepts that the corrective actions taken will improve controls over cost transfers.
- **Finding 8: Stipends Not Appropriately Provided to Noyce Scholars**
NSF sustains the finding. UConn concurred with the finding and NSF accepts that the corrective actions taken will improve compliance with NSF grant-specific requirements.
- **Finding 9: Program Income Not Appropriately Used**
NSF sustains the finding. UConn concurred with the finding and NSF accepts that the corrective actions taken will improve controls over program income requirements.

NSF accepts UConn's stated corrective actions as responsive to the compliance and internal control recommendations related to the audit findings above. Therefore, all compliance and internal control recommendations are considered resolved and closed.

Based on the above, the total disallowed amount is \$73,797. UConn has provided NSF evidence of \$2,142 in repayment. **Repayment of the remaining \$71,655 must be made via www.pay.gov.** Please reference OIG Audit Report No. 20-1-002. Any necessary adjustments to ACM\$ because of the repayment will be made by the NSF Division of Financial Management.

Please be aware that UConn'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, the audit report will be fully closed out by NSF.

UConn'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 703-292-4579.

Sincerely,

Carrie Davison

Carrie Davison, Team Lead – Audit Resolution
Resolution and Advanced Monitoring Branch
Division of Institution and Award Support