



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

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Thurman D. Wingrove, Controller  
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 3015 Cathedral of Learning (Mailbox 55)  
 4200 Fifth Avenue  
 Pittsburgh, PA 15260

Reference: OIG Report No. 21-1-019

Dear Thurman Wingrove,

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 Pittsburgh (Pitt) during the period of March 1, 2016, through February 28, 2019.

The audit report identified a total of \$106,659 in questioned costs claimed on NSF awards and recommended that Pitt strengthen its administrative and management controls for the areas in which findings were identified. As a result of its resolution efforts, NSF has determined to sustain and disallow \$103,765 of the questioned costs. The table below summarizes the resolution of each finding by recommendation:

Rec	Description	Questioned	Sustained	Allowed	Disallowed	Final Action Complete
1.1	Unsupported Costs	\$42,450	\$42,450	\$0	\$42,450	No
1.2	Unsupported Costs	\$0	\$0	\$0	\$0	Yes
2.1	Purchases Near or After Award Expiration	\$8,616	\$8,616	\$0	\$8,616	No
2.2	Purchases Near or After Award Expiration	\$26,357	\$26,357	\$0	\$26,357	No
2.3	Purchases Near or After Award Expiration	\$0	\$0	\$0	\$0	Yes
3.1	Unallocable & Unreasonable Costs	\$4,584	\$1,690	\$2,894	\$1,690	No
3.2	Unallocable & Unreasonable Costs	\$23,391	\$23,391	\$0	\$23,391	No
3.3	Unallocable & Unreasonable Costs	\$0	\$0	\$0	\$0	Yes
4.1	Incorrect Application of Indirect Costs	\$869	\$869	\$0	\$869	No
4.2	Incorrect Application of Indirect Costs	\$0	\$0	\$0	\$0	Yes
5.1	Employee Expenditures Charged and Participant Support	\$392	\$392	\$0	\$392	No
5.2	Employee Expenditures Charged and Participant Support	\$0	\$0	\$0	\$0	Yes
	<b>Summary of Total Questioned Costs:</b>	<b>\$106,659</b>	<b>\$103,765</b>	<b>\$2,894</b>	<b>\$103,765</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 the Agency, and documentation provided by Pitt. The summary below provides the basis for the management decisions reached by NSF:

**Finding 1: Unsupported Costs**

**Recommendation 1.1:** Direct Pitt to provide documentation supporting that it has repaid or otherwise credited the \$42,450 of questioned unsupported costs for which it has agreed to reimburse NSF.

**NSF's Management Decision:** The recommendation is sustained. It is NSF's management decision to sustain and disallow \$42,450.

**Corrective action:** Pitt has provided evidence of repayment for \$5,261 of disallowed costs on award 1535755. **Final action will be considered complete upon repayment of the remaining \$37,189.**

**Recommendation 1.2:** Direct Pitt to strengthen the administrative and management controls, training, processes, and procedures related to maintaining a proper audit trail. These controls, training, processes, and procedures should include standards for collecting and retaining supporting documentation to ensure that all financial transactions can be traced back to the original source documentation.

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

**Corrective Action:** NSF has determined that the corrective actions taken by Pitt's updated administrative and management controls strengthen its controls for training, processes, and procedures related to maintaining a proper audit trail and are responsive to the recommendation. **NSF considers that final action is complete under recommendation 1.2.**

**Finding 2: Purchases Near or After Award Expiration**

**Recommendation 2.1:** Resolve the \$8,616 of questioned material and supply costs for which Pitt has not agreed to reimburse NSF and direct Pitt to repay or otherwise remove the sustained questioned costs from its NSF awards.

**NSF's Management Decision:** The recommendation is sustained. It is NSF's management decision to sustain and disallow \$8,616.

**Corrective action:** NSF requires that Pitt repay disallowed costs of \$8,616. **Final action will be considered complete upon repayment of \$8,616.**

**Recommendation 2.2:** Direct Pitt to provide documentation supporting that it has repaid or otherwise credited the \$26,357 of questioned material and supply costs for which it has agreed to reimburse NSF.

**NSF's Management Decision:** The recommendation is sustained. It is NSF's management decision to sustain and disallow \$26,357.

**Corrective action:** NSF requires that Pitt repay the disallowed costs of \$26,357. **Final action will be considered complete upon repayment of \$26,357.**

**Recommendation 2.3:** Direct Pitt to strengthen the administrative and management controls, training, processes, and procedures over expenditures near the end of an award.

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

**Corrective Action:** NSF has determined that the corrective actions taken by Pitt to strengthen the administrative and management controls, training, processes, and procedures over expenditures near the end of an award are responsive to the recommendation. **NSF considers final action complete under recommendation 2.3.**

**Finding 3: Unallocable and Unreasonable Costs**

**Recommendation 3.1:** Resolve the \$4,584 of questioned unallocable and unreasonable costs for which Pitt has not agreed to reimburse NSF and direct Pitt to repay or otherwise remove the sustained questioned costs from its NSF awards.

**NSF's Management Decision:** The recommendation is partially sustained. For one transaction, NSF has determined to allow \$2,894 based on determination that the allocation methodology was adequate. For the remaining transactions, NSF determined to sustain and disallow the entire questioned amount of \$1,690. It is NSF's management decision to allow \$2,894 and to sustain and disallow \$1,690.

**Corrective action:** NSF requires that Pitt repay the disallowed costs of \$1,690. **Final Action will be complete upon repayment of the disallowed costs of \$1,690.**

**Recommendation 3.2:** Direct Pitt to provide documentation supporting that it has repaid or otherwise credited the \$23,391 of questioned unallocable and unreasonable costs for which it has agreed to reimburse NSF.

**NSF's Management Decision:** The recommendation is sustained. It is NSF's management decision to sustain and disallow \$23,391.

**Corrective action:** Pitt has provided evidence of repayment of \$10,645. **Final Action will be complete upon repayment of the remaining disallowed costs of \$12,746.**

**Recommendation 3.3:** Direct Pitt to strengthen the administrative and management controls, training, processes, and review procedures for the NSF award expenditures.

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

**Corrective Action:** NSF has determined that the corrective actions to strengthen the administrative and management controls, training, processes, and review procedures for the NSF award expenditures are responsive to the recommendation. **NSF considers final action complete under recommendation 3.3.**

**Finding 4: Incorrect Application of Indirect Cost Rate**

**Recommendation 4.1:** Direct Pitt to provide documentation supporting that it has repaid or otherwise credited the \$869 of questioned overcharged indirect costs for which it has agreed to reimburse NSF.

**NSF's Management Decision:** The recommendation is sustained. It is NSF's management decision to sustain and disallow \$869.

**Corrective action:** NSF requires that Pitt repay the disallowed costs of \$869. **Final Action will be complete upon repayment of the disallowed costs of \$869.**

**Recommendation 4.2:** Direct Pitt to develop and implement controls to identify situations when indirect cost rates change between proposal submission and award date and to take appropriate steps to avoid claiming unallowable indirect costs on NSF awards.

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

**Corrective Action:** NSF has determined that the corrective actions taken by Pitt to develop and implement controls to identify situations when indirect cost rates change between proposal submission and award date and to take appropriate steps to avoid claiming unallowable indirect costs are responsive to the recommendation. **NSF considers final action complete under recommendation 4.2.**

**Finding 5: Employee Expenditures Charged as Participant Support**

**Recommendation 5.1:** Direct Pitt to provide documentation supporting that it has repaid or otherwise credited the \$392 of questioned participant support costs for which it has agreed to reimburse NSF.

**NSF's Management Decision:** The recommendation is sustained. It is NSF's management decision to sustain and disallow \$392.

**Corrective Action:** NSF requires that Pitt repay the disallowed costs of \$392. **Final Action will be complete upon repayment of the disallowed costs of \$392.**

**Recommendation 5.2:** Direct Pitt to strengthen the administrative and management procedures over allocating participant support costs to sponsored projects.

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

**Corrective Action:** NSF has determined that the corrective actions taken by Pitt are responsive to the recommendation to strengthen the administrative and management procedures over allocating participant support costs to sponsored projects. **NSF considers final action complete under recommendation 5.2.**

**Required Actions to be taken by Pitt:**

The total disallowed amount is \$103,765. Pitt has provided evidence of \$15,906 in repayment.

**Repayment of \$87,859 must be made via [www.pay.gov](http://www.pay.gov).** Please reference OIG Audit Report No. 21-1-019 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, or March 20, 2025. Failure to provide timely repayment may result in DFM initiating formal collection through the Department of Treasury, Debt Management Services.**

The following are the pending pay.gov repayment amounts by award number:

Award #	Pending Repayment
1330746	\$27,558
1331463	\$4,275
1522574	\$1,976
1418947	\$1,774
1740411	\$884
1651930	\$722
1236258	\$8,616
1511139	\$5,390
1330746	\$4,404
0954380	\$4,237
1330746	\$3,230
1125719	\$2,388
1462876	\$2,378
1157712	\$1,741
1511139	\$1,592
1228697	\$997
1307178	\$3,553
1743007	\$8,424
1012070	\$1,047
1651097	\$814
1410319	\$598
1038139	\$636
1455424	\$233
1612429	\$392
	<b>\$87,859</b>

Please be aware that Pitt'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 January 21, 2025.**

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 Jarrett Ponsolle at 703-292-8319 or me at 703-292-4579.

Sincerely,

*Carrie Davison*

Carrie Davison  
Senior Cost Analyst  
Resolution and Advanced Monitoring Branch  
Division of Institution and Award Support

cc: David Laffey  
Director, Sponsored Projects Accounting  
University of Pittsburgh