



NATIONAL SCIENCE FOUNDATION
Division of Institution & Award Support

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April 20, 2023

Jaime Bunner, CPA, CRA
Director of Financial Projects & Compliance
West Virginia University
PO Box 6207
One Waterfront Place

Reference: OIG Report No. 22-1-010

Dear Jaime Bunner,

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 West Virginia University Research Corporation (WVURC) during the period of September 1, 2017, to August 31, 2020.

The audit report identified a total of \$43,156 in questioned costs claimed on NSF awards and recommended that WVURC 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 \$43,156 will be sustained and disallowed. The table below summarizes the allowed and disallowed costs by finding number:

Finding	Description	Questioned	Allowed	Disallowed
1	Purchases Near or After Award Expiration	\$17,335	\$0	\$17,335
2	Unallocable and Unreasonable Costs	\$23,018	\$0	\$23,018
3	Unallowable Indirect Costs	\$2,803	\$0	\$2,803
Total		\$43,156	\$0	\$43,156

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

- **Finding 1: Purchases Near or After Award Expiration**

NSF sustains the finding. The audit report questioned a total of \$17,335 in materials and supplies, purchased or received, near or after the end of award periods. WVURC agreed to repay all of the

questioned costs. Based on WVURC's concurrence, NSF's management decision is to sustain and disallow costs of \$17,335.

Corrective action: WVURC has provided evidence of \$17,335 in repayment.

Compliance and Internal Control Recommendation: WVURC has updated internal policies to provide guidance on purchases near the end of award periods of performance. WVURC has also provided the WVU research community with 'lessons learned' from the audit, including purchases near the end of award periods of performance. NSF has determined that the corrective actions taken by WVURC are responsive to Finding 1.

NSF considers Finding 1 resolved and closed.

▪ **Finding 2: Unallocable and Unreasonable Costs**

NSF sustains the finding. The audit report questioned \$23,018 related to unallocable or unreasonable purchases and travel expenditures. WVURC agreed to repay all of the questioned costs. Based on WVURC's concurrence, NSF's management decision is to sustain and disallow costs of \$23,018.

Corrective Action: WVURC has provided evidence of \$15,218 in repayment.

Compliance and Internal Control Recommendation: WVURC has updated internal policies to provide guidance on allocation and allowable expenses. WVURC has also provided the WVU research community with 'lessons learned' from the audit, including allocation and allowable expenses. NSF has determined that the corrective actions taken by WVURC are responsive to Finding 2.

NSF considers Finding 2 resolved and closed.

▪ **Finding 3: Unallowable Indirect Costs**

NSF sustains the finding. The audit report questioned \$2,803 in indirect costs for the improper allocation of Facilities & Administrative (F&A) costs. WVURC agreed to repay all of the questioned costs. Based on WVURC's concurrence, NSF's management decision is to sustain and disallow costs of \$2,803.

Corrective Action: WVURC has provided evidence of \$2,803 in repayment.

Compliance and Internal Control Recommendation: WVURC provided its Capitalization policy and the Facilities and Administrative Cost policies, NSF reviewed these policies and found them sufficient. WVURC has also provided the WVU research community with 'lessons learned' from the audit, including capitalization of equipment, indirect costs charged on equipment, and the appropriate accounting codes for indirect costs on equipment. NSF has determined that the corrective actions taken by WVURC are responsive to Finding 3.

NSF considers Finding 3 resolved and closed.

Based on the above, the total disallowed amount is \$43,156. WVURC has provided NSF evidence of \$43,156 in repayments. NSF considers all report findings and questioned costs resolved and closed.

Please be aware that WVURC'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 from the date of this letter, or May 19, 2023.

Attached is a Summary Schedule of Allowed and Disallowed Costs, which includes the Compliance and Internal Control Recommendations.

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 or Charlotte Grant-Cobb at cgrantco@nsf.gov.

Sincerely,

Charlotte D. Grant-Cobb

Charlotte D. Grant-Cobb
Lead Analyst
Audit Resolution and Advanced Monitoring Branch
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Attachment: Summary Schedule of Allowed and Disallowed Costs