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Reporting Terms Defined

Some of the more common terms that we use in reporting audit statistics and findings are defined below:

Questioned Cost. Auditors question costs because of an alleged violation of a provision of a law, regulation, grant, cooperative agreement, or contract. In addition, a questioned cost may be a finding in which, at the time of the audit, either a cost is not supported by adequate documentation, or the expenditure of funds for the intended purpose is deemed unnecessary or unreasonable.

Unsupported Cost. A cost that is questioned because it is not supported by adequate documentation at the time of audit.

At-Risk Cost Sharing. Cost sharing is identified as “at risk” if an awardee is lagging in meeting its cost-sharing obligation for an award that is still active. In some situations, the awardee may purport to be funding its obligation but lacks internal controls and documentation to support its claim, making it difficult to determine their allowability under federal cost principles.

Management Decision. Management’s evaluation of the findings and recommendations included in the audit report and the issuance of a final decision by management containing its response to such findings and recommendations. It is important to note that NSF is responsible for making a management decision regarding questioned costs that determines whether they will be sustained (i.e., disallowed) or allowed.

Funds Put to Better Use. Audit recommendations that identify ways to improve the efficiency of programs frequently lead to prospective benefits over the life of an award or funds put to better use. Examples include reducing outlays, deobligating funds, or avoiding unnecessary expenditures.

Final Action. The completion of all management actions that are described in a management decision with respect to audit findings and recommendations. If management concluded that no actions were necessary, final action occurs when a management decision is issued.

Compliance or Internal Control Issues. Audits often result in recommendations either to improve the auditee’s compliance with NSF and federal regulations, or to strengthen the auditee’s internal control structure to safeguard federal funds from fraud, waste, abuse, and mismanagement.

Audit Reports Issued With Recommendations for Better Use of Funds

	Dollar Value
A. For which no management decision has been made by the commencement of the reporting period	\$50,000
B. Recommendations that were issued during the reporting period	\$0
C. Adjustments related to prior recommendations	0
Subtotal of A+B+C	\$50,000
D. For which a management decision was made during the reporting period	\$50,000
i) Dollar value of management decisions that were consistent with OIG recommendations	\$50,000
ii) Dollar value of recommendations that were not agreed to by management	0
E. For which no management decision had been made by the end of the reporting period	0
For which no management decision was made within 6 months of issuance	0

Audit Reports Issued with Questioned Costs

	Number of Reports	Questioned Costs	Unsupported Costs
A. For which no management decision has been made by the commencement of the reporting period	13	\$5,389,095	\$3,294,455
B. That were issued during the reporting period	10	\$576,036	\$0
C. Adjustment related to prior recommendations		\$0	\$0
Subtotal of A+B+C	23	\$5,965,131	\$3,294,455
D. For which a management decision was made during the reporting period	14	\$4,653,588	\$3,273,159
i) dollar value of disallowed costs	N/A	\$940,564	N/A
ii) dollar value of costs not disallowed	N/A	\$3,713,024	N/A
E. For which no management decision had been made by the end of the reporting period	9	\$1,311,543	\$21,296
For which no management decision was made within 6 months of issuance	2	\$864,834	\$21,296

Audit Reports Involving Cost-Sharing Shortfalls

	Number of Reports	Cost-Sharing Promised	At Risk of Cost Sharing Shortfall (Ongoing Project)	Actual Cost Sharing Shortfalls (Completed Project)
A. Reports with monetary findings for which no management decision has been made by the beginning of the reporting period:	3	\$9,967,398	\$0	\$194,125
B. Reports with monetary findings that were issued during the reporting period:	4	\$13,578,398	\$1,406,881	\$20,665
C. Adjustments related to prior recommendations	0	0	0	0
Total of Reports with Cost Sharing Findings (A+B+C)	7	\$23,545,796	\$1,406,881	\$214,790
D. For which a management decision was made during the reporting period:	4	\$17,446,359	\$0	\$194,989
1. Dollar value of cost-sharing shortfall that grantee agreed to provide.	N/A	N/A	\$0	\$103,523
2. Dollar value of cost-sharing shortfall that management waived	N/A	N/A	\$0	\$91,466
E. Reports with monetary findings for which no management decision has been made by the end of the reporting period.	3	\$6,099,437	\$1,406,881	\$19,801

Status of Internal NSF Recommendations

Open Recommendations (as of 3/31/02)	
Recommendations Open at the Beginning of the Reporting Period	86
New Recommendations Made During Reporting Period	0
Total Recommendations to be Addressed	86
Management Resolution of Recommendations ²	
Awaiting Resolution	11
Resolved Consistent With OIG Recommendations	75
Management Decision That No Action is Required	0
Final Action on OIG Recommendations ³	
Final Action Completed	60
Recommendations Open at End of Period	26
Aging of Open Recommendations	
Awaiting Management Resolution	
0 through 6 months	0
7 through 12 months	11
More than 12 months	0
Awaiting Final Action After Resolution	
0 through 6 months	1
7 through 12 months	8
13 through 18 months	6

² "Management Resolution" occurs when the OIG and NSF management agree on the corrective action plan that will be implemented in response to the audit recommendations.

³ "Final Action" occurs when management has completed all actions it agreed to in the corrective action plan.

List of Reports

NSF and CPA Performed Reviews

Report Number	Subject	Questioned Costs	Unsupported Costs	Better Use of Funds	Cost Sharing At-Risk
02-1001	Midwest university	\$48,408	\$0	\$0	\$0
02-1002	West coast university	\$864	\$0	\$0	\$416,826
02-1003	West coast university assoc.	\$19,426	\$0	\$0	\$522,025
02-1004	Western university	\$375	\$0	\$0	\$0
02-1005	Research support company	\$23,821	\$0	\$0	\$0
02-1007	University association	\$313,978	\$0	\$0	\$0
02-1008	Research institute	\$0	\$0	\$0	\$0
02-1009	College in midwest	\$0	\$0	\$0	\$461,740
02-1010	College in midwest	\$1,405	\$0	\$0	\$0
02-1011	Midwest university	\$0	\$0	\$0	\$0
02-1012	Technical college	\$39,296	\$0	\$0	\$0
02-1013	Research support company	\$0	\$0	\$0	\$0
02-2001	Major research project	\$0	\$0	\$0	\$0
02-2002	Annual NSF Report	\$0	\$0	\$0	\$0
02-2003	NSF internal report	\$0	\$0	\$0	\$0
02-2004	NSF internal report	\$0	\$0	\$0	\$0
02-2005	NSF internal report	\$0	\$0	\$0	\$0
02-6001	Trade association	\$0	\$0	\$0	\$0
02-6002	Communications company	\$0	\$0	\$0	\$0
	Total:	\$447,573	\$0	\$0	\$1,400,591

NSF-Cognizant Reports

Report Number	Subject	Questioned Costs	Unsupported Costs	Cost Sharing At-Risk
02-4001	College association	\$0	\$0	\$0
02-4002	Educational association	\$0	\$0	\$0
02-4003	Research organization	\$0	\$0	\$0
02-4004	Communications foundation	\$0	\$0	\$0
02-4005	Research institute	\$0	\$0	\$0
02-4007	Non-profit organization	\$0	\$0	\$0
02-4008	Non-profit organization	\$0	\$0	\$0
02-4009	Non-profit organization	\$0	\$0	\$0
	Total:	\$0	\$0	\$0

Other Federal Audits

Report Number	Subject	Questioned Costs	Unsupported Costs	Cost Sharing At-Risk
02-5009	Technological institute	\$95,338	\$0	\$0
02-5023	Research Foundation	\$33,125	\$0	\$0
	Total	\$128,463	\$0	\$0

Audit Reports With Outstanding Management Decisions

This section identifies audit reports involving questioned costs, funds put to better use, and cost sharing at risk where management had not made a final decision on the corrective action necessary for report resolution with 6 months of the report's issue date. At the end of the reporting period there were two reports remaining that meet this condition. Both of these reports involve questioned costs, totaling \$864,834. The status of recommendations that involve internal NSF management is described on page 58.

Investigations Case Activity

October 1, 2001 - March 31, 2002

	Preliminary	Civil/Criminal	Administrative
Active Cases (From Previous Reporting Period)	8	29	26
New Cases	49	17	43
Closed Cases	47	16	38
Active Cases	10	30	31

Investigations Case Statistics

New Referrals	3
Criminal Convictions/Pleas	2
Civil Settlements	2
Administrative Actions	0
Investigative Recoveries ⁴	\$229,828

⁴Investigative recoveries include civil penalties, criminal fines, and funds paid in restitution, as well as specific cost savings for the government.

Administrative Activity And Assurance/Certifications Received

Findings by NSF	3
Cases Forwarded to the Office of the Director for Adjudication	2
Cases Reported in Prior Periods With No Adjudication by the Office of the Director	1 ⁵
Number of Debarments in Effect During This Period	3
Assurances and Certifications Received ⁶	
Number of Cases Requiring Assurances During This Period	6
Number of Cases Requiring Certifications During This Period	7
Assurances Received During This Period	4
Certifications Received During This Period	0

⁵ This case is described in our September 2001 Semiannual Report (page 35).

⁶ NSF accompanies some findings of misconduct in science with a certification and/or assurance requirement. For a specified period, the subject must confidentially submit to OIG a personal certification and/or institutional assurance that any newly submitted NSF proposal does not contain anything that violates NSF's regulation on misconduct in science. These certifications and assurances remain in OIG and are not known to, or available to, NSF program officials. In one case not involving misconduct in science, described in our September 2000 Report (page 26), NSF required the subject and his institution to submit to the appropriate NSF program an assurance of compliance with appropriate requirements and procedures with any proposal involving biohazardous research.