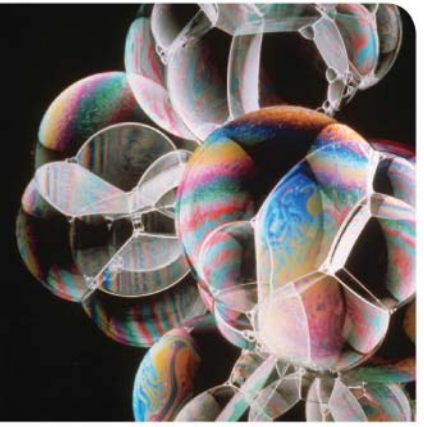




National Science Foundation  
WHERE DISCOVERIES BEGIN



## Cost Analysis and Audit Resolution Branch (CAAR)

### Audit Resolution

#### Overview/Purpose

- CAAR is responsible for resolving compliance, internal control, and questioned cost findings identified during audits of NSF awardees. Because audit findings have the potential to jeopardize current and future funding, and can result in cost disallowances that require organizations to make repayments to NSF, auditees should cooperate with NSF to promptly resolve all audit findings.
- The audit resolution process begins with the assignment of an audit report to a CAAR staff member to review and develop NSF's management decision. The CAAR staff member communicates with the auditees to resolve findings and questioned costs identified in the audit report and agree upon acceptable corrective actions to address the audit recommendations. When audit findings are particularly egregious, the auditee may be required to prepare a detailed corrective action plan describing the steps it will take and outlining the associated timeframes to resolve the audit findings satisfactorily.
- Throughout the process CAAR may seek input from other NSF offices to assure appropriate and thorough resolution. Resolution is considered complete once NSF and the awardee agree upon the corrective actions to be taken to resolve all findings. At that time, CAAR issues NSF's official management decision to the audited organization. Although resolution may be considered complete, final actions often may be required of the awardee (e.g., repayment or implementation of revised policies and procedures) and/or NSF (e.g., amendment of an active award).

#### Timeframe/Roles

- Audit findings are typically resolved within 6 months of audit report issuance. CAAR is required to report the status of audit findings that remain unresolved after 6 months to NSF senior management and the NSF Office of Inspector General (OIG).
- CAAR leads the audit resolution effort on behalf of NSF, and often works closely with other NSF divisions and the OIG, as needed.

#### Topics Covered

CAAR resolves audit findings that cover a wide variety of topics related to financial and administrative regulatory compliance, internal control/systemic deficiencies, and questioned costs. The following are some examples of common issues that may result in questioned costs and subsequent cost disallowances:

- Lack of compliant time records to support labor costs charged to awards
- Lack of consulting agreements and invoices to demonstrate allocability to the NSF award and that the charges are reasonable
- Indirect cost recovery charges in excess of the amount allowed by the type of indirect cost rate and base reflected in the award or Negotiated Indirect Cost Rate Agreement in effect for the period of the award
- Costs that are unallowable in accordance with applicable cost principles and, therefore, cannot be charged to Federal awards
- Proposed participant support costs that were re-budgeted to other cost categories without the required written approval of NSF; alternatively, awardee staff-related costs charged against amounts allocated for participant support costs
- Inadequate supporting documentation for expenditures claimed as cost sharing.

For more information, visit: <http://www.nsf.gov/bfa/dias/caar/audit.jsp>.

#### IMPORTANT LINKS:

National Science Foundation  
[www.nsf.gov](http://www.nsf.gov)

Division of Institution and Award Support  
[www.nsf.gov/bfa/dias](http://www.nsf.gov/bfa/dias)

Cost Analysis and Audit Resolution Branch  
<http://www.nsf.gov/bfa/dias/caar/>

NSF Proposal & Award Policies and Procedures Guide  
[http://www.nsf.gov/publication/pub\\_summ.jsp?ods\\_key=pa](http://www.nsf.gov/publication/pub_summ.jsp?ods_key=pa)

Prospective New Awardee Guide  
[http://www.nsf.gov/publication/pub\\_summ.jsp?ods\\_key=pn](http://www.nsf.gov/publication/pub_summ.jsp?ods_key=pn)

General Federal Requirements  
<http://www.nsf.gov/bfa/dias/caar/fed.jsp>

Questions may be directed to CAAR

Phone: (703) 292-8244

