Audit Objective
The National Science Foundation Office of Inspector General (OIG) engaged WithumSmith+Brown (WSB) to conduct a performance audit of incurred costs at University of California, San Diego (UCSD) for the period April 1, 2012, to March 31, 2015. The audit universe included more than $197 million in costs claimed to NSF. The objective of the audit was to determine if costs claimed by UCSD during this period were allocable, allowable, reasonable, and in conformity with NSF award terms and conditions and applicable Federal financial assistance requirements.

WSB is responsible for the attached auditor’s report and the conclusions expressed in this report. NSF OIG does not express any opinion on the conclusions presented in WSB’s audit report.

Recommendations
The auditors included five findings in the report with associated recommendations for NSF to resolve the questioned costs and to ensure UCSD strengthens administrative and management controls.

Contact Information
For further information, contact NSF OIG at (703) 292-7100 or oig@nsf.gov.

Audit Results
Costs UCSD charged to its NSF-sponsored agreements did not always comply with Federal and NSF award requirements. The auditors questioned $283,801 of costs claimed by UCSD during the audit period. Specifically, auditors found:

- $214,177 in equipment, materials, and supplies expenses unreasonably purchased near award expiration;
- $54,472 in unreasonable travel;
- $8,744 in unreasonable participant support expenditures;
- $5,178 in unallowable indirect costs; and
- $1,230 in unallocable visa immigration fees.

Awardee Response
Of the five findings in the report, UCSD agreed in total with two, partially agreed with two, and disagreed with one. UCSD contends that the costs within the disputed findings are allowable and disagreed with the auditors’ interpretation of the Federal guidance. UCSD also did not agree with the auditors’ statements that there were weaknesses in management and administrative controls. After taking UCSD’s comments into consideration, the auditors continue to question the costs and left the findings unchanged.

UCSD’s response is attached in its entirety to the report as Appendix A.