

Performance Audit of Incurred Costs – Georgetown University

REPORT PREPARED BY CASTRO & COMPANY, LLC





At a Glance

Performance Audit of Incurred Costs – Georgetown University
OIG 25-1-006 | September 17, 2025

AUDIT OBJECTIVE

The National Science Foundation Office of Inspector General engaged Castro & Company, LLC (Castro) to conduct a performance audit of costs that Georgetown University (Georgetown) incurred on 102 NSF awards during the period October 1, 2021, through September 30, 2024. The auditors tested more than \$1.9 million of the approximately \$24.2 million of costs claimed during the period. The audit objective was to evaluate Georgetown's award management environment and determine if costs claimed by Georgetown were allowable, allocable, reasonable, and in compliance with NSF terms and conditions and federal financial assistance requirements. A description of the audit's objective, scope, and methodology is attached to the report as Appendix B.

AUDIT RESULTS

The report highlights concerns about Georgetown's compliance with certain federal and NSF award requirements, NSF award terms and conditions, and Georgetown policies. The auditors questioned \$105,291 of costs claimed by Georgetown during the audit period. Specifically, the auditors found \$13,904 in unallowable expenses, \$22,120 in inadequately supported expenses, \$32,083 of unallowable indirect costs, \$19,150 of indirect cost rates not appropriately applied, and \$18,034 of misclassified costs and improper application of indirect costs. The auditors also identified one compliance related finding for which there were no questioned costs: non-compliance with Georgetown's policies. Castro is responsible for the attached report and the conclusions expressed in it. NSF OIG does not express any opinion on the conclusions presented in Castro's report.

RECOMMENDATIONS

The auditors included six findings with associated recommendations for NSF to resolve the questioned costs and to ensure Georgetown strengthens administrative and management controls.

AUDITEE RESPONSE

Georgetown agreed with all of the findings in the audit report and agreed to reimburse the \$105,291 in questioned costs. Georgetown's response is attached, in its entirety, to the report as Appendix A.

CONTACT US

For congressional, media, and general inquiries, email OIGPublicAffairs@nsf.gov.



U.S. NATIONAL SCIENCE FOUNDATION
Office of Inspector General

MEMORANDUM

DATE: September 17, 2025

TO: Dr. Lisa Scott-Morring
Director
Division of Grants and Agreements
U.S. National Science Foundation
[REDACTED]

FROM: Theresa S. Hull
Assistant Inspector General
Office of Audits, Inspections, and Evaluations

SUBJECT: Final Report 25-01-006, *Georgetown University*

This memorandum transmits the Castro & Company, LLC (Castro) report for the audit of costs charged by Georgetown University (Georgetown) to 102 NSF awards during the period October 1, 2021, through September 30, 2024. The audit encompassed more than \$1.9 million of the approximately \$24.2 million of costs claimed during the period. The audit objective was to evaluate Georgetown's award management environment and determine if costs claimed by Georgetown were allowable, allocable, reasonable, and in compliance with NSF terms and conditions and federal financial assistance requirements. A full description of the audit's objective, scope, and methodology is attached to the report as Appendix B.

Please coordinate with our office during the 6-month resolution period, as specified by OMB Circular A-50, to develop a mutually agreeable resolution of the audit findings. The findings should not be closed until NSF determines that all recommendations have been adequately addressed and the proposed corrective actions have been satisfactorily implemented.

OIG Oversight of the Audit

Castro is responsible for the attached auditors' report and the conclusions expressed in this report. We do not express any opinion on the conclusions presented in Castro's report. To fulfill our responsibilities, we:

- reviewed Castro's approach and planning of the audit;
- evaluated the qualifications and independence of the auditors;
- monitored the progress of the audit at key points;

- coordinated periodic meetings with Castro, as necessary, to discuss audit progress, findings, and recommendations;
- reviewed the report prepared by Castro; and
- coordinated issuance of the report.

We thank your staff for the assistance that was extended to the auditors during this audit. If you have any questions regarding this report, please contact Keith Nackerud at 703-292-7100 or OIGPublicAffairs@nsf.gov.

Attachment

CC: Victor McCrary, Aaron Dominguez, Wanda Ward, Scott Stanley, John Veysey, Ann Bushmiller, Micah Cheatham, Christina Sarris, Alex Wynnyk, Shaun Minick



Performance Audit of Incurred Costs – Georgetown University

**National Science Foundation, Office of Inspector General
Incurred Cost Performance Audit
of Georgetown University
For the Period of October 1, 2021 through September 30, 2024**

September 12, 2025

EXECUTIVE SUMMARY

The Castro & Company, LLC audit team determined that Georgetown University (Georgetown) needs improved oversight of expenses charged to National Science Foundation (NSF) awards to ensure costs claimed are reasonable, allocable, and allowable in accordance with all federal and NSF regulations, NSF award terms and conditions, and Georgetown policies and procedures. Specifically, the audit report includes six findings and a total of \$105,291 in questioned costs.

AUDIT OBJECTIVES

The NSF Office of Inspector General engaged Castro & Company, LLC to conduct a performance audit of costs Georgetown claimed during the period of October 1, 2021 through September 30, 2024. The audit objectives included determining whether costs claimed on NSF awards were allowable, allocable, reasonable, and in compliance with NSF award terms and conditions, applicable federal financial assistance requirements, and Georgetown's policies and procedures. We have attached a full description of the audit's objectives, scope, and methodology as **APPENDIX B**.

AUDIT CRITERIA

The audit team assessed Georgetown's compliance with 2 Code of Federal Regulations (CFR) 200 (versions effective December 26, 2014, and November 12, 2020); NSF Proposal and Award Policies and Procedures Guides (PAPPGs) 20-1, 22-1, 23-1, and 24-1; NSF award terms and conditions; and Georgetown's policies and procedures. The audit team included references to relevant criteria within each finding and defined key terms within the Glossary located in **APPENDIX E**. We conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards* (GAGAS) issued by the Comptroller General of the United States.

AUDIT FINDINGS

As summarized in **APPENDIX C**, the auditor identified \$105,291 of direct and indirect costs that Georgetown inappropriately claimed during the audit period, including:

- \$13,904 of unallowable expenses
- \$22,120 of inadequately supported expenses
- \$32,083 of unallowable indirect costs
- \$19,150 of indirect cost rates not appropriately applied
- \$18,034 of misclassified costs incurred and improper application of indirect costs

The audit report also includes one compliance-related finding for which the auditors did not question any costs:

- Non-compliance with Georgetown's policies and procedures

RECOMMENDATIONS

The audit report includes 18 recommendations for NSF's Director of the Division of Institution and Award Support related to resolving the \$105,291 in questioned costs and ensuring Georgetown strengthens its award management environment, as summarized in **APPENDIX D**.

AUDITEE RESPONSE

Georgetown generally agreed with the findings included in the audit report and agreed to reimburse NSF for \$105,291 of the \$105,291 in questioned costs. Georgetown's response is attached, in its entirety, to the report as **APPENDIX A**.

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Abbreviations

ACMS	Award Cash Management Service
Castro	Castro & Company, LLC
CFR	Code of Federal Regulations
F&A	Facilities & Administration
GAGAS	Generally Accepted Government Auditing Standards
Georgetown	Georgetown University
GL	General Ledger
GSA	General Services Administration
MTDC	Modified Total Direct Cost
NIH	National Institute of Health
NRL	Naval Research Laboratory
NSF	National Science Foundation
ODCs	Other Direct Costs
OIG	Office of Inspector General
PAPPG	Proposal & Award Policies and Procedures Guide
PI	Principal Investigator

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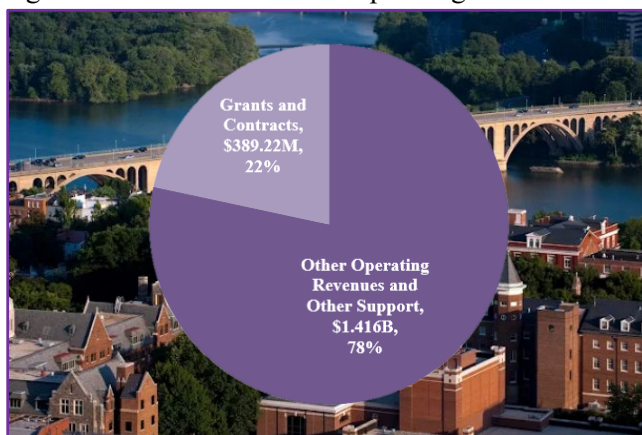
BACKGROUND

The National Science Foundation (NSF) is an independent federal agency established under Public Law No. 81-507 with the purpose of advancing the progress of science; promoting national health, prosperity, and welfare; enhancing national defense; and fulfilling other related objectives. Through its extensive support of scientific research and education, the NSF plays a central role in fostering innovation and development in science and engineering. It achieves this mission primarily by awarding grants and contracts to a wide array of educational and research institutions across the United States.

The NSF Office of Inspector General (OIG) was established in 1989 pursuant to the Inspector General Act of 1978 (5 U.S.C. §§ 402–424). The NSF OIG functions as an independent and objective oversight body dedicated to promoting efficiency, effectiveness, and economy within the NSF’s programs and operations. Its core mission is to prevent and detect fraud, waste, and abuse in connection with NSF activities. To fulfill its oversight responsibilities, the NSF OIG conducts a variety of activities, including audits, inspections, evaluations, and other comprehensive reviews. These activities encompass both the NSF itself and its award recipients, ensuring that federal funds are used appropriately and that the goals of scientific advancement and public benefit are effectively met.

NSF OIG engaged Castro & Company, LLC (herein referred to as “Castro” or “we”) to conduct a performance audit of costs claimed by Georgetown University (Georgetown). Located in Washington, D.C., Georgetown is a major international research university. In addition to providing educational services, Georgetown performs research, training, and other services under grants, contracts, and similar agreements with sponsoring organizations, primarily from departments and agencies of the United States Government. In Fiscal Year 2024, Georgetown reported approximately \$1.805 billion in operating revenues, including approximately \$389.22 million received from grants and contracts—including NSF (Figure 1).

Figure 1: Georgetown’s Fiscal Year 2024 Operating Revenues and Other Support



Source: The chart data is supported by Georgetown University’s Consolidated Financial Statements for the Years Ended June 30, 2024 and 2023 (<https://georgetown.app.box.com/s/p4dykc6kw954km39vix59z5htlddrlf3>). The photo of Georgetown’s campus is publicly available on Georgetown’s website (<https://www.youvisit.com/tour/georgetown>).

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AUDIT SCOPE

This performance audit, conducted under Order No. 140D0424F1156, was designed to meet the objectives identified in **APPENDIX B** and was conducted in accordance with *Generally Accepted Government Auditing Standards* (GAGAS), issued by the Comptroller General of the United States.

The objectives of this performance audit were to evaluate Georgetown's award management environment; determine if costs claimed on NSF awards were **allowable**, **allocable**, **reasonable**, and in compliance with relevant federal and NSF regulations; determine whether any further audit work was warranted; and perform any additional audit work, as determined appropriate. **APPENDIX B** provides detailed information regarding the audit scope and methodology used for this engagement.

As illustrated in **Figure 2**, Georgetown provided general ledger data to support the \$24.2 million in expenses it claimed on 102 NSF awards during our audit period of October 1, 2021 through September 30, 2024.

Figure 2: Costs Claimed on NSF Awards from October 1, 2021 through September 30, 2024



Source: Auditor analysis of Georgetown's accounting data shows total costs of \$24,237,429 by expense type, supporting costs incurred on NSF awards during the audit period.

We judgmentally selected 109 transactions totaling \$1,993,678 (see **Table 1**) and evaluated supporting documentation to determine whether the costs claimed on the NSF awards were allocable, allowable, and reasonable, and whether they were in conformity with NSF award terms and conditions, organizational policies, and applicable federal financial assistance requirements.

Table 1: Summary of Selected Transactions

Budget Category	Transaction Count	Expense Amount ¹
Equipment	1	\$ 11,321

¹ The reported expense amounts represent the total dollar value of the transactions chosen for our sample. They do not include the total fringe benefits or indirect costs applied to these transactions. However, we tested the fringe benefits and indirect costs for allowability.

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Budget Category	Transaction Count	Expense Amount ¹
Publications	2	\$ 16,190
Consultant Services	7	\$ 97,769
Participant Support Costs	5	\$ 50,009
Materials and Supplies	6	\$ 26,082
Travel	19	\$ 83,661
Fringe	8	\$ 25,851
Subcontracts	19	\$ 849,040
Other Direct Costs	19	\$ 507,593
Salaries and Wages	23	\$ 326,162
Total	109	\$ 1,993,678

Source: Auditor summary of selected transactions.

AUDIT RESULTS

We identified and questioned \$105,291 in costs that Georgetown charged to 26 NSF awards. We also identified expenses that Georgetown charged to 11 NSF awards that did not result in questioned costs but resulted in non-compliance with federal, NSF, and/or Georgetown-specific policies and procedures. See **Table 2** for a summary of questioned costs by finding area, **APPENDIX C** for a summary of questioned costs by NSF award, and **APPENDIX D** for a summary of all recommendations.

Table 2: Summary of Questioned Costs by Finding

Finding	Description	Questioned Costs		
		Unsupported	Unallowable	Total
1	Unallowable Expenses	\$ -	\$ 13,904	\$ 13,904
2	Inadequately Supported Expenses	\$ 22,120	\$ -	\$ 22,120
3	Unallowable Indirect Costs	\$ -	\$ 32,083	\$ 32,083
4	Inappropriately Allocated Expenses	\$ -	\$ 19,150	\$ 19,150
5	Misclassification of Costs Incurred and Improper Application of Indirect Costs	\$ -	\$ 18,034	\$ 18,034
6	Non-Compliance with Policies and Procedures	\$ -	\$ -	\$ -
Total		\$ 22,120	\$83,171	\$ 105,291

Source: Auditor summary of questioned costs by finding (see the detailed findings below).

We made 18 recommendations for NSF's Director of the Division of Institution and Award Support related to resolving the \$105,291 in questioned costs and ensuring Georgetown strengthens its administrative and management policies, procedures, and controls for monitoring federal funds. We communicated our audit results and the related findings and recommendations to Georgetown and NSF OIG. We included Georgetown's response to this report, in its entirety, in **APPENDIX A**.

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Finding 1: Unallowable Expenses

Georgetown charged five (5) NSF awards a total of \$13,904 in expenses that were unallowable under federal regulations² and the NSF Proposal & Award Policies and Procedures Guide (PAPPG).³

Unallowable Salaries & Wages Expense

Georgetown charged one (1) NSF award \$2,505 in salaries and wages that were not allowable, per federal regulations⁴ and the NSF PAPPG, as illustrated in **Table 3**.

Table 3: Unallowable Salaries & Wages Expense

NSF Award No.	Accounting Date	Unallowable Total	Unallowable Expense Associated With	Notes
██████████	10/19/2021	\$ 2,505	Additional Compensation	a

- a. NSF Award No. ██████████ which began on 9/15/2018, included an employee salary payment dated 9/14/2018—one day prior to the official start of the award. This transaction reflected a budget date adjustment for costs incurred in a prior period; however, Georgetown did not properly reverse the expense within the scope of the audit period. Georgetown acknowledged that this cost was not allowable, as it was incurred before the award start date, and therefore should not have been charged to the award. As a result, we identified total questioned costs of \$2,505, consisting of \$1,611 in direct salary costs and \$894 in associated indirect costs. Fringe benefits were not applied to this transaction during the audit period; accordingly, no fringe costs were questioned.

Unallowable and Unreasonable Travel Expense

Georgetown charged one (1) NSF award \$208 in travel that was not allowable, per federal regulations⁵ and the NSF PAPPG, as illustrated in **Table 4**.

Table 4: Unallowable and Unreasonable Travel Expense

NSF Award No.	Accounting Date	Unallowable Total	Unallowable Expense Associated With	Notes
██████████	04/30/2023	\$ 208	Meals and Incidentals	b

² According to 2 Code of Federal Regulations (CFR) §200.403 (revised November 12, 2020), *Factors affecting allowability of costs*, (a) for a cost to be allowable, it must be necessary and reasonable for the performance of federal award. Further, section (g) states that, in order for a cost to be allowable, it must be adequately documented. See **APPENDIX E** of this report for additional factors affecting the allowability of costs.

³ According to NSF PAPPGs 22-1 and 23-1, Part II, Chapter X, A. *Basic Considerations*, grantees should ensure all costs charged to NSF awards meet the requirements of 2 CFR § 200, Subpart E, *Cost Principles*; grant terms and conditions; and any other specific requirements of both the award notice and the applicable program solicitation.

⁴ According to 2 CFR §200.458 (revised November 12, 2020), *Pre-Award Costs*, pre-award costs are those incurred before the start date of the Federal award or subaward directly pursuant to the negotiation and in anticipation of the Federal award where such costs are necessary for efficient and timely performance of the scope of work. These costs are allowable only to the extent that they would have been allowed if incurred after the start date of the Federal award and only with the written approval of the Federal agency. If approved, these costs must be charged to the initial budget period of the Federal award unless otherwise specified by the Federal agency or pass-through entity.

⁵ According to 2 CFR §200.404, *Reasonable costs* (revised November 12, 2020), a cost is reasonable if it does not exceed an amount that a prudent person would incur under the circumstances prevailing when the decision was made to incur the cost. See **APPENDIX E** of this report for determining reasonableness.

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- b. We identified a discrepancy between the number of documented attendees and the quantity of food provided for a catering expense Georgetown charged to NSF Award No. [REDACTED].⁶ Specifically, while attendance records reflected 35 participants, the invoice indicated service for 60 guests. Georgetown explained that the meeting took place during Ramadan, and additional servings were provided to accommodate fasting attendees who would eat after sunset. Georgetown also noted that each meeting day spanned between 9 and 12 hours, requiring meals to sustain participants throughout the day. While we considered this context in our evaluation, we still found the catering expense exceeded what would be considered reasonable for the number of attendees. Using only the food and beverage portion of the invoice, we calculated a per-attendee daily cost and compared it to the General Service Administration (GSA) per diem rate for Washington, D.C. for April 2023 to test for reasonableness. The actual per-attendee cost exceeded the GSA per diem, which led to the identification of \$208 in questioned costs, including \$165 in questioned direct Travel costs along with \$43 in questioned indirect costs applied to the transaction.

Unallowable Materials and Supplies Expense

Georgetown charged one (1) NSF award \$1,716 in Materials and Supplies that were not allowable, per federal regulations and the NSF PAPPG, as illustrated in **Table 5**.

Table 5: Unallowable Materials and Supplies Expense

NSF Award No.	Accounting Date	Unallowable Total	Unallowable Expense Associated With	Notes
[REDACTED]	08/01/2022	\$ 1,716	Promotional Giveaways	c

- c. Georgetown was unable to provide adequate documentation to substantiate the reasonableness and allowability of certain costs included within a transaction charged to NSF Award No. [REDACTED]. The expense was for the purchase of customized bags distributed to attendees at a project-specific conference. In accordance with 2 Code of Federal Regulations (CFR) §200.421(e)(3), “costs of promotional items and memorabilia, including models, gifts, and souvenirs” are explicitly unallowable under federal awards.⁷ Georgetown stated that [REDACTED] the current Grants Manager and PI did not possess sufficient knowledge to provide clarity on the nature or purpose of the expense. In the absence of adequate supporting documentation or a reasonable justification aligning with federal cost principles, Castro determined that the purchase of customized bags constitutes an unallowable cost. As a result, we identified total questioned costs of \$1,716, including \$1,362 in direct materials and supplies and \$354 in associated indirect costs.

⁶ According to 2 CFR §200.432 (revised November 12, 2020), *Conference*, a conference means an event whose primary purpose is to disseminate technical information beyond the recipient or subrecipient and is necessary and reasonable for successful performance under the Federal award. Allowable conference costs may include the rental of facilities, speakers' fees, attendance fees, costs of meals and refreshments, local transportation, and other items incidental to such conferences unless further restricted by the terms and conditions of the Federal award. The costs of identifying and providing locally available dependent-care resources for participants are allowable as needed. Conference hosts/sponsors must exercise discretion and judgment in ensuring that conference costs are appropriate, necessary, and managed to minimize costs to the Federal award.

⁷ According to 2 CFR §200.421 (revised November 12, 2020), *Advertising and public relations*, (e) Unallowable advertising and public relations costs include the following: (3) Costs of promotional items and memorabilia.

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Unallowable Consultant Expense

Georgetown charged one (1) NSF award \$8,358 for a consultant expense that was not allowable, per federal regulations and the NSF PAPPG, as illustrated in **Table 6**.

Table 6: Unallowable Consultant Expense

NSF Award No.	Accounting Date	Unallowable Total	Unallowable Expense Associated With	Notes
██████████	08/01/2022	\$ 8,358	Legal Services	d

- d. Georgetown incorrectly charged a consulting expense to NSF Award No. ██████████. Georgetown acknowledged that the expense had been incorrectly charged and confirmed that they are in the process of refunding a total of \$8,358. Given Georgetown's confirmation and in accordance with 2 CFR §200.405, which requires allocability of costs to the award based on the relative benefits received, we determined that the expense did not provide a direct benefit to the NSF award.⁸ As such, Castro identified total questioned costs of \$8,358, including \$5,375 in direct charges and \$2,983 in applied indirect costs.

Unallowable Subaward Travel Expense

Georgetown charged one (1) NSF award \$1,117 in subaward travel that was unallowable under federal regulations and the NSF PAPPG, as detailed in **Table 7**.

Table 7: Unallowable Subaward Travel Expense

NSF Award No.	Accounting Date	Subrecipient	Unallowable Total	Unallowable Expense Associated With	Notes
██████████	01/01/2024	Subrecipient #1	\$ 1,117	Subaward Travel Expense	e

- e. Georgetown charged NSF Award No. ██████████ \$1,117 in travel expenses incurred by a subrecipient that did not comply with the requirements of the Fly America Act, which mandates the use of U.S. flag air carriers for travel funded by federal awards unless specific exceptions apply.⁹ The noncompliant travel expenses were charged as direct subaward costs to the NSF award. As a result, we identified total questioned costs of \$1,117, representing the subaward's direct travel expenses. Because the cumulative subaward costs charged to the award exceeded the \$25,000 threshold, Georgetown did not apply indirect costs to these subaward expenses. Accordingly, no indirect questioned costs are associated with this finding.

Georgetown did not have sufficient policies, procedures, or internal controls in place to ensure that only allowable, allocable, and reasonable costs were charged to NSF awards in accordance with 2 CFR §200 and specific award terms. The institution lacked clearly defined guidance for personnel on how to assess

⁸ According to 2 CFR §200.405 (revised November 12, 2020), *Allocable costs*, a cost is allocable to a Federal award or other cost objective if the cost is assignable to that Federal award or other cost objective in accordance with the relative benefits received. For the criteria for allocability, refer to **APPENDIX E**.

⁹ According to NSF PAPPGs 23-1, Part I, Chapter II, D. *Proposal Contents*, 2.f.(iv)(a), allowance for air travel normally will not exceed the cost of round-trip, economy airfares. Persons traveling under NSF awards must travel by U.S.-Flag Air carries, if available.

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cost allowability. As a result of these internal control deficiencies and insufficient institutional oversight, Georgetown charged unallowable costs to NSF awards, which increases the risk of federal funds being used for purposes inconsistent with award objectives and regulatory requirements. Therefore, we questioned \$13,904 of unallowable expenses charged to five (5) NSF awards, as illustrated in **Table 8**.

Table 8: Finding 1 Summary: Unallowable Expenses

NSF Award No.	Description	Fiscal Year(s)	Questioned Costs			Georgetown Agreed to Reimburse
			Direct	Indirect	Total	
██████	Salaries Additional Compensation (S0858)	2021	\$ 1,611	\$ 894	\$ 2,505	\$ 2,505
██████	Travel & Bus - Meals & Incidentals (S0364)	2023	\$ 165	\$ 43	\$ 208	\$ 208
██████	Supplies - Promotional Giveaways (S0406)	2022	\$ 1,362	\$ 354	\$ 1,716	\$ 1,716
██████	Services - Legal (S0140)	2022	\$ 5,375	\$ 2,983	\$ 8,358	\$ 8,358
██████	Subaward Costs	2024	\$ 1,117	\$ -	\$ 1,117	\$ 1,117
Total			\$ 9,630	\$ 4,274	\$ 13,904	\$ 13,904

Recommendation: We recommend NSF’s Director of the Division of Institution and Award Support:

- 1.1. Direct Georgetown to provide documentation supporting that it has repaid or otherwise credited the \$13,904 in questioned salary, travel, materials and supplies, consultants, and subaward expenses for which it has agreed to reimburse NSF.
- 1.2. Direct Georgetown to implement stronger pre-award cost controls and system checks to prevent charges incurred before an award’s start date from being incorrectly applied to federal awards.
- 1.3. Direct Georgetown to strengthen its review procedures for travel-related expenses to ensure that catering and meal costs are reasonable, appropriately documented, and align with federal per diem limits.
- 1.4. Direct Georgetown to enhance its documentation and retention procedures for all award-related expenditures to ensure that costs are fully supported, clearly justified as allowable under federal regulations, and remain verifiable regardless of personnel changes.
- 1.5. Direct Georgetown to strengthen its review and approval processes for consultant expenses to ensure that all costs charged to federal awards are properly allocable, directly benefit the award, and are supported by appropriate documentation prior to payment.
- 1.6. Direct Georgetown to strengthen its subaward monitoring and compliance procedures to ensure that all subrecipients adhere to federal travel regulations, including the Fly America Act, before travel expenses are charged to federal awards.

Georgetown Response: Georgetown agreed to reimburse NSF for the \$13,904 in questioned costs. Further, Georgetown noted that it will continue to provide training for PIs, and Grant Managers emphasizing the cost principles of allowability, allocability, and reasonableness, specifically addressing the period of performance, as well as related to subrecipient monitoring. Georgetown further states that it is in the process of updating the existing subrecipient monitoring policy requirements and implementing new checklist requirements.

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Auditor’s Additional Comment: Our position regarding this finding has not changed.

Finding 2: Inadequately Supported Expenses

Georgetown did not provide documentation to support the allocability, allowability, and reasonableness of \$22,120 in expenses charged to three (3) NSF awards during the audit period, as required per federal regulations^{10,11,12} and the NSF PAPPG.¹³

Inadequately Supported Subaward Expenses

Georgetown and its subrecipients were not able to provide adequate documentation to support a total of \$11,746 in expenses charged to two (2) NSF awards in accordance with NSF guidelines and federal regulations, as illustrated in **Table 9** below.

Table 9: Unsupported Subaward Expenses

Expense Date(s)	NSF Award No.	Subrecipient	Georgetown Paid to Subrecipient	Subrecipient Data Supports	Unsupported Amount	Note
12/22/2020, 10/28/2021	██████	Subrecipient #2	\$ 319,743	\$ 318,610	\$ 1,133	a
12/18/2023	██████	Subrecipient #3	\$ 33,739	\$ 23,126	\$ 10,613	b

- a. In December 2020 and October 2021, Georgetown charged NSF Award No. ██████ a total of \$319,743 in expenses for one of its subrecipients; however, the subrecipient’s general ledger (GL) detail supported a total of \$318,610, resulting in an unsupported amount of \$1,133.
- b. In December 2023, Georgetown charged a total of \$33,739 to NSF Award No. ██████ for expenses incurred by another subrecipient. However, upon review of the supporting documentation provided by this subrecipient, only \$23,126 of the total amount was substantiated. As a result, Castro identified and questioned \$10,613 in unsupported subaward costs charged to the award.

¹⁰ According to 2 CFR §200.405 (revised November 12, 2020), *Allocable costs*, a cost is allocable to a Federal award or other cost objective if the cost is assignable to that Federal award or other cost objective in accordance with the relative benefits received. For the criteria for allocability, refer to **APPENDIX E**.

¹¹ According to 2 CFR §200.403 (revised November 12, 2020), *Factors affecting allowability of costs*, (a) for a cost to be allowable, it must be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles. Further, section (g) states that, in order for a cost to be allowable, it must be adequately documented. See **APPENDIX E** of this report for additional factors affecting the allowability of costs.

¹² According to 2 CFR §200.404 (revised November 12, 2020), *Reasonable costs*, a cost is reasonable if it does not exceed an amount that a prudent person would incur under the circumstances prevailing when the decision was made to incur the cost. See **APPENDIX E** of this report for determining reasonableness.

¹³ According to NSF PAPPGs 20-1, 22-1, and 23-1, Part II, Chapter X, A. *Basic Considerations*, grantees should ensure all costs charged to NSF awards meet the requirements of 2 CFR §200, Subpart E, *Cost Principles*; grant terms and conditions; and any other specific requirements of both the award notice and the applicable program solicitation.

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Duplicated Expense

Georgetown claimed a total of \$20,748 on NSF Award No. [REDACTED] however, Georgetown's GL detail only supported a total of \$10,374 of costs incurred, including \$6,650 of Other Direct Costs (ODCs) and \$3,724 of applied indirect cost. Georgetown stated that drawdowns were submitted through NSF's Award Cash Management Service (ACM\$) on 6/2/2022 and 6/17/2022 for the same amount in error.^{14,15}

Georgetown did not have sufficient policies, procedures, or internal controls in place to ensure that it only charged NSF awards for actual expenses incurred by Georgetown and its subrecipients. Furthermore, Georgetown's subaward monitoring policies, procedures, and internal controls did not always ensure that subrecipients retained documentation to support the allowability of expenses charged to NSF awards. As a result of insufficient policies, procedures, and internal controls, Georgetown was unable to adequately detect, prevent, or correct erroneous ACM\$ drawdowns or ensure that claimed expenses were supported by appropriate documentation. This deficiency led to \$22,120 in charges to NSF awards that lacked sufficient support, increasing the risk of unallowable costs being reimbursed with federal funds and undermining the integrity of award financial reporting. See **Table 10** for the breakdown of questioned costs.

Table 10: Finding 2 Summary: Inadequately Supported Expenses

NSF Award No.	Description	Questioned Costs			
		Direct	Indirect	Total	Georgetown Agreed to Reimburse
[REDACTED]	Inadequately Supported Subaward Costs	\$ 1,133	\$ -	\$ 1,133	\$ 1,133
[REDACTED]	Inadequately Supported Subaward Costs	\$ 10,613	\$ -	\$ 10,613	\$ 10,613
[REDACTED]	Other Direct Costs (ODCs)	\$ 6,650	\$ 3,724	\$ 10,374	\$ 10,374
Total		\$ 18,396	\$ 3,724	\$ 22,120	\$ 22,120

Recommendation: We recommend NSF's Director of the Division of Institution and Award Support:

- 2.1. Direct Georgetown to provide documentation supporting that it has repaid or otherwise credited the \$22,120 in questioned subaward and other direct cost expenses for which it has agreed to reimburse NSF.
- 2.2. Direct Georgetown to strengthen its policies, procedures, and internal controls for ensuring costs claimed on federal awards include adequate documentation to support the allocability, allowability, and reasonableness in accordance with federal regulations.

¹⁴ According to NSF PAPPG 22-1, Part II, Chapter VIII, A., *Standards for Financial Management*, NSF grantees must meet the financial management systems requirements of 2 CFR § 200.302.

¹⁵ According to 2 CFR §200.302 (revised November 12, 2020), *Financial Management*, (b) The financial management system of each non-Federal entity must provide for the following: (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§200.328 and 200.329. If a Federal awarding agency requires reporting on an accrual basis from a recipient that maintains its records on other than an accrual basis, the recipient must not be required to establish an accrual accounting system. This recipient may develop accrual data for its reports on the basis of an analysis of the documentation on hand. Similarly, a pass-through entity must not require a subrecipient to establish an accrual accounting system and must allow the subrecipient to develop accrual data for its reports on the basis of an analysis of the documentation on hand. (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, financial obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

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Georgetown Response: Georgetown agreed to reimburse NSF for the \$22,120 in questioned costs. Further, Georgetown noted that it is enhancing its subrecipient monitoring practices including developing a risk-based desk review framework and expanding training in efforts to improve oversight. Additionally, Georgetown noted that internal controls have been improved to prevent duplicate charges, such as enhanced reconciliation procedures and additional review checks prior to financial reporting and closeout.

Auditor's Additional Comment: Our position regarding this finding has not changed.

Finding 3: Unallowable Indirect Costs

Georgetown improperly applied its indirect cost rate to Participant Support Costs claimed under NSF-funded awards. In accordance with the NSF PAPPG¹⁶ and 2 CFR § 200, indirect costs applied to Participant Support Costs are not allowable.^{17,18} See **Table 11** below.

Table 11: Finding 3 Summary: Unallowable Indirect Costs

NSF Award No.	Description	Questioned Costs		
		Direct	Indirect	Total
	Services - Miscellaneous (S0017)	\$ -	\$ 111	\$ 111
	Services - Participants Cost (S0023)	\$ -	\$ 10,237	\$ 10,237
	Services - Participants Cost (S0023)	\$ -	\$ 1,729	\$ 1,729
	Services - Participants Cost (S0023)	\$ -	\$ 3	\$ 3
	Non-service Stipend (taxable) (S0190)	\$ -	\$ 2,756	\$ 2,756
	Services - Participants Cost (S0023)	\$ -	\$ 846	\$ 846
	Services - Participants Cost (S0023)	\$ -	\$ 6,247	\$ 6,247
	Services - Participants Cost (S0023)	\$ -	\$ 1,599	\$ 1,599
	Oth Op Exp - Fees - General (S0216)	\$ -	\$ 64	\$ 64

¹⁶ According to NSF PAPPGs 20-1, 22-1, and 23-1, Part II, Chapter D.f., *Budget and Budget Justification*, (v) Participant Support (Line F on the Proposal Budget) Indirect costs (F&A) are not usually allowed on costs budgeted as participant support unless the recipient's current, Federally approved indirect cost rate agreement provides for allocation of F&A to participant support costs. Participant support costs must be accounted for separately should an award be made... (viii) Indirect Costs (also known as Facilities and Administrative Costs (F&A) for Colleges and Universities) (Line I on the Proposal Budget) The amount for indirect costs must be calculated by applying the current negotiated indirect cost rate(s) to the approved base(s), and such amounts must be specified in the budget justification. Indirect cost recovery for IHEs is additionally restricted by 2 CFR § 200, Appendix III, paragraph C.7. which specifies Federal agencies are required to use the negotiated F&A rate that is in effect at the time of the initial award throughout the life of the sponsored agreement.

¹⁷ According to 2 CFR §200.1 (revised November 12, 2020), *Definitions*, Modified Total Direct Cost means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

¹⁸ According to 2 CFR §200 Appendix III(c)(d) (revised November 12, 2020), *Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs)*, Indirect (F&A) costs must be distributed to applicable Federal awards and other benefitting activities within each major function (see section A.1) on the basis of modified total direct costs (MTDC), consisting of all salaries and wages, fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period covered by the subaward).

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	Services - Miscellaneous (S0017)	\$ -	\$ 6	\$ 6
	Services - Participants Cost (S0023)	\$ -	\$ 3,024	\$ 3,024
	Services - Participants Cost (S0023)	\$ -	\$ 2,157	\$ 2,157
	Services - Participants Cost (S0023)	\$ -	\$ 71	\$ 71
	Non-service Stipend (taxable) (S0190)	\$ -	\$ 2,022	\$ 2,022
	Services - Participants Cost (S0023)	\$ -	\$ 1,211	\$ 1,211
	Total	\$ -	\$ 32,083	\$ 32,083

Georgetown lacked adequate internal controls and oversight to accurately identify Modified Total Direct Cost (MTDC) components within its system, resulting in the erroneous inclusion of Participant Support Costs in the indirect base. Although the underlying expenditures were reasonable, allowable, and allocable, the improper application of the indirect cost rate presents compliance risks, including potential future claims of unallowable costs, inaccurate financial reporting to NSF, and administrative inefficiencies from retroactive corrections. This resulted in total questioned costs of \$32,083 in applied indirect costs as illustrated in [Table 11](#).

Recommendation: We recommend NSF’s Director of the Division of Institution and Award Support:

- 3.1. Direct Georgetown to provide documentation supporting that it has repaid or otherwise credited the \$32,083 in questioned indirect expenses for which it has agreed to reimburse NSF.
- 3.2. Direct Georgetown to strengthen its standardized policies, system-enabled validations, or comprehensive oversight mechanisms to ensure consistent and accurate application of indirect costs in accordance with NSF guidelines and the Uniform Guidance. These updated procedures could include:
 - Requiring personnel responsible for approving invoices to perform a documented review to ensure Participant Support Costs do not have applied indirect costs.
 - Developing guidance on accurately classifying all costs for accounts included within the Modified Total Direct Cost base and on applying the indirect cost rate to those accounts.

Georgetown Response: Georgetown agreed to reimburse NSF for the \$32,083 in questioned costs. Further, Georgetown noted that it has developed a consistent process with the Joint Office of Research Administration (JORA) to separately identify participant support costs under a separate grant number to isolate them from receiving indirect cost. Additionally, Georgetown plans to provide additional training to relevant personnel on the classification of participant support costs.

Auditor’s Additional Comment: Our position regarding this finding has not changed.

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Finding 4: Inappropriately Allocated Expenses

Georgetown did not always allocate expenses to NSF awards based on the relative benefits the awards received, as required by federal regulations¹⁹ and the NSF PAPPG.²⁰ As a result, Georgetown charged three NSF awards a total of \$19,150 in inappropriately allocated publication and materials and supplies expenses as illustrated in **Table 12**.

Table 12: Inappropriately Allocated Publication and Materials and Supplies Expenses

NSF Award No.	Accounting Date	Amount Charged	Percentage Not Allocable	Amount Inappropriately Allocated	Notes
██████████	05/04/2023	\$ 11,690	75%	\$ 8,767	a
██████████	07/07/2022	\$ 4,500	66.66%	\$ 3,000	b
██████████	05/12/2022	\$ 1,040	50%	\$ 520	c

- a. In May 2023, Georgetown charged NSF award No. ██████████ for \$11,690, or 100%, of expenses incurred to publish a research paper that acknowledged two NSF funding sources and two non-NSF funding sources.²¹ All funding sources were managed by Georgetown and were open at the time of the publication. Because the research paper acknowledged support from four funding sources, and Georgetown could not provide a justification for why the costs were charged to a single award, \$8,768 (75%) of the publication costs are not allocable to NSF Award No. ██████████
- b. In July 2022, Georgetown charged NSF award No. ██████████ for \$4,500, or 100%, of expenses incurred to publish a research paper that acknowledged four NSF funding sources.²¹ All funding sources were managed by Georgetown; however, one was closed at the time of the publication. Because the research paper acknowledged support from three open funding sources, and Georgetown could not provide a justification for why the costs were charged to a single award, \$3,000 (66.66%) of the publication costs are not allocable to NSF Award No. ██████████
- c. In May 2022, Georgetown University charged \$1,040, or 100%, for the purchase of disposable safety gloves to NSF Award No. ██████████.²² These gloves were essential protective supplies used

¹⁹ According to 2 CFR §200.405 (revised November 12, 2020), *Allocable costs*, (a) a cost is allocable to a Federal award or other cost objective if the cost is assignable to that Federal award or other cost objective in accordance with the relative benefits received. For the criteria for allocability, refer to **APPENDIX E**.

²⁰ According to NSF PAPPGs 22-1, and 23-1, Part II, Chapter X, A. *Basic Considerations*, grantees should ensure all costs charged to NSF awards meet the requirements of 2 CFR §200, Subpart E, *Cost Principles*; grant terms and conditions; and any other specific requirements of both the award notice and the applicable program solicitation.

²¹ According to 2 CFR §200.461 (revised November 12, 2020), *Publication and printing costs*, publication and printing costs for both electronic and print media—including distribution, promotion, and handling—are allowable and should be treated as indirect costs if not tied to a specific cost objective. Page charges, article processing charges (APCs), and similar fees for professional or peer-reviewed publications are also allowable if the work is supported by the Federal Government and the fees are uniformly applied by the journal. Additionally, publication costs may be charged during closeout if not incurred during the award period, provided they are allocated to the final budget period unless the Federal agency specifies otherwise.

²² According to 2 CFR §200.405(d) (revised November 12, 2020), *Allocable Costs*, if a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. However, when those proportions cannot be determined because of the interrelationship of the work involved, then, notwithstanding paragraph (c), the costs may be allocated or transferred to benefitted projects on any reasonable documented basis. Where the purchase of equipment or other capital asset is specifically authorized under a Federal award, the

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by both graduate and undergraduate students for both an NSF-funded and National Institute of Health (NIH)-funded award. Georgetown justified the full charge to the NSF award based on the rationale that a greater number of graduate students were working on the NSF-funded project compared to the NIH-funded project. However, while the gloves were partially allocable to the NSF award, they were also used in support of activities under the NIH award. Therefore, the cost of these supplies should have been proportionally allocated between the two funding sources. As a result, \$520, representing 50% of the total cost, is not allocable to NSF Award No. [REDACTED].

Georgetown did not have sufficient policies, procedures, or adequate internal controls in place to ensure that it reasonably allocated expenses based on the relative benefits each NSF award received. Specifically, Georgetown did not ensure that it appropriately allocated publication expenses to all funding sources that supported the published research, nor that it provided documentation supporting that materials and supplies purchased were appropriately allocated based on the relative benefit received by each award. Georgetown charged the full amount of these expenses to three NSF Awards, despite the fact that the publications and materials and supplies benefited additional NSF funding sources and non-NSF funding sources. As a result, we questioned a total of \$19,150, including \$12,287 in direct costs and \$6,863 in applied indirect costs, on inappropriately allocated expenses charged to three NSF awards as illustrated in **Table 13**.

Table 13: Finding 4 Summary: Inappropriately Allocated Expenses

NSF Award No.	Description	Fiscal Year(s)	Questioned Costs			
			Direct	Indirect	Total	Georgetown Agreed to Reimburse
[REDACTED]	Oth Op Exp - Publication Fees (S0218)	2023	\$ 8,767	\$ 4,910	\$ 13,677	\$ 13,677
[REDACTED]	Oth Op Exp - Publication Fees (S0218)	2022	\$ 3,000	\$ 1,665	\$ 4,665	\$ 4,665
[REDACTED]	Supplies - Research & Lab Other (S0384)	2022	\$ 520	\$ 288	\$ 808	\$ 808
Total			\$ 12,287	\$ 6,863	\$ 19,150	\$ 19,150

Recommendation: We recommend NSF's Director of the Division of Institution and Award Support:

- 4.1. Direct Georgetown to provide documentation supporting that it has repaid or otherwise credited the \$19,150 in questioned publication and materials and supplies expenses for which it has agreed to reimburse NSF.
- 4.2. Direct Georgetown to produce formal written guidance and provide training on how to assess and document the methodology used to allocate costs consistent with the benefits received by acknowledged funding sources and materials and supplies.

Georgetown Response: Georgetown agreed to reimburse NSF for the \$19,150 in questioned costs. Further, Georgetown noted that ongoing training will be leveraged to highlight the requirements per Georgetown's existing policy for direct cost allocation.

Auditor's Additional Comment: Our position regarding this finding has not changed.

costs are assignable to the Federal award regardless of the use that may be made of the equipment or other capital asset involved, when no longer needed for the purpose for which it was originally required. See also §§200.310 through 200.316 and 200.439.

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Finding 5: Misclassification of Costs Incurred and Improper Application of Indirect Costs

Georgetown misclassified costs in several instances under NSF-funded awards. These misclassifications were attributed to weaknesses in Georgetown’s internal controls over cost classification and budget tracking.^{23,24} Although the expenditures were consistent with their intended programmatic purposes and did not constitute questioned direct costs, certain misclassifications resulted in the inappropriate application of indirect costs. The specific misclassifications identified are outlined in **Table 14** below.

Table 14: Misclassified Costs Incurred

NSF Award No.	Accounting Date	Amount Charged	Cost Element	Spending Category	Notes
	12/01/2023	\$ 32,163	ODC	Oth Op Exp - Other Miscellaneous Expense	a
	06/01/2024	\$ 72,000	ODC	Oth Op Exp - Sponsorship Expense	b
	06/30/2023	\$ 72,000	ODC	Non-service Stipend - degree seeking student	b
	09/13/2023	\$ 35,971	ODC	Fin Aid - Undergraduate	b
	08/14/2022	\$ 34,141	ODC	Fin Aid - Undergraduate	b
	08/14/2022	\$ 34,141	ODC	Fin Aid - Undergraduate	b
	09/13/2023	\$ 32,541	ODC	Fin Aid - Undergraduate	b
	09/13/2023	\$ 32,541	ODC	Fin Aid - Undergraduate	b
	11/18/2022	\$ 31,073	ODC	Rent - Chargeback for Non Taxable Income	b
	01/02/2024	\$ 30,056	ODC	Fin Aid - Grad/Masters	b
	10/01/2021	\$ 28,900	ODC	Oth Op Exp - Fees - General	b
	09/15/2021	\$ 25,763	ODC	Fin Aid - Grad COL - MS Computer Science	b
	09/15/2021	\$ 25,763	ODC	Fin Aid - Grad COL - MS Computer Science	b
	06/29/2023	\$ 3,000	ODC	Non-service Stipend (taxable) No IDC	b
	07/17/2024	\$ 7,481	ODC	Services - Temporary Labor	c
	05/01/2022	\$ 2,152	ODC	Services - Miscellaneous	c
	12/13/2023	\$ 655	ODC	Services - Membership Dues - Individual	d
	5/1/2023	\$ 23,630	Travel	Travel & Bus - Hotel & Lodging - Domestic	e
	6/30/2023	\$ 6,300	Travel	Travel & Bus - Catering	e
	2/8/2022	\$ 3,200	Materials & Supplies	Supplies - Student Reimbursement	f

Other Direct Costs

- a. As part of its approved budget under NSF Award No. [REDACTED], Georgetown proposed equipment costs in the amount of \$32,163 associated with the purchase of a caravan to support fieldwork research activities. While the expense was approved within the award’s scope, Georgetown subsequently recorded the purchase under the cost category "Other Specialized Supplies" under Other Direct Costs instead of properly classifying it as capital equipment. Castro determined that

²³ According to 2 CFR §200.303 (revised November 12, 2020), *Internal Controls*, (a) Establish, document, and maintain effective internal control over the Federal award that provides reasonable assurance that the recipient or subrecipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should align with the guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control-Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

²⁴ According to 2 CFR §200.302(b) (revised November 12, 2020), *Financial Management*, (4) recipients and subrecipients must maintain effective control and accountability over all funds, property, and assets, ensuring they are used only for authorized purposes. Section (5) states that they must also compare actual expenditures with budgeted amounts for each Federal award.

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the expense itself was reasonable, allowable, and allocable to the award.²⁵ However, due to its misclassification, indirect costs were inappropriately applied. Equipment purchases are exempt from indirect cost recovery; therefore, this classification error resulted in questioned indirect costs totaling \$8,362.

- b. Castro identified 13 instances where Georgetown originally budgeted expenditures as Participant Support Costs but recorded them under the Other Direct Cost category.²⁶ Georgetown acknowledged that it had inaccurately identified the spending categories which fell under ODCs and Participant Support Costs. As a result, we determined that these costs were actually Participant Support Costs, as initially budgeted. Although Georgetown's financial system properly excluded these costs from the application of indirect charges, and the expenditures were determined to be reasonable, allowable, and allocable under NSF guidelines, this misclassification indicates a lapse in financial controls related to the accurate categorization of expenditures.
- c. Castro identified 2 instances where expenditures were recorded to the Other Direct Cost category, despite being initially budgeted as Salaries and Wages. While Georgetown's system correctly applied indirect costs, and the expenses were deemed reasonable, allowable, and allocable under NSF guidelines, the misclassification reflects a breakdown in financial oversight with respect to appropriate cost categorization.
- d. Castro identified one transaction that was inaccurately recorded under the spending category "Services – Membership Dues – Individual," which Georgetown classified as Other Direct Costs. However, the nature of the expense, registration for an in-person meeting, aligned more appropriately with travel-related costs. Georgetown agreed that the expense was charged to the wrong cost category. While this misclassification did not result in any questioned direct or indirect costs, given that the charges were reasonable, allowable, and allocable under the terms of the award, and indirect costs were applied consistently across both cost categories, it reflects a weakness in the accuracy of expense categorization within Georgetown's financial reporting system.

Travel

- e. Georgetown charged two expenditures to the Travel Costs budget category that were originally budgeted as Participant Support Costs within the approved NSF award budgets. Georgetown confirmed the original budget classification was correct. However, because the financial system treated these as travel expenses—which are eligible for indirect costs—indirect charges totaling \$9,672 were inappropriately applied to NSF Award Nos. [REDACTED] and [REDACTED]. Although the expenditures themselves were reasonable, allowable, and allocable, the misclassification constitutes an internal control deficiency that resulted in noncompliant indirect cost treatment.

²⁵ Under 2 CFR §200.403 (revised November 12, 2020), *Factors affecting allowability of costs*, (c) costs must be treated consistently across all activities of the recipient or subrecipient, whether federally funded or not. Additionally, section (d) states that costs must be classified consistently; for instance, a cost cannot be charged directly to a Federal award if similar costs in similar situations have been treated as indirect costs.

²⁶ NSF PAPPs 20-1, 22-1, and 23-1, Chapter II.D.2.f(v), *Participant Support*, states that participant support costs must be specified, itemized, and justified in the budget justification section of the proposal. Indirect costs (F&A) are not usually allowed on costs budgeted as participant support unless the recipient's current, Federally approved indirect cost rate agreement provides for allocation of F&A to participant support costs. Participant support costs must be accounted for separately should an award be made.

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Materials and Supplies

- f. Georgetown charged an expense budgeted as a Participant Support Cost to the Materials and Supplies category in the general ledger. This misclassification initially caused the expense to incur indirect costs. However, prior to the audit, Georgetown subsequently identified and corrected the error via journal entry, removing the indirect charges in compliance with federal regulations and NSF policy. We confirmed that Georgetown properly removed the indirect costs from the claimed expenses. The initial misclassification caused Georgetown to inappropriately assess indirect costs until they manually corrected the error.

The identified misclassifications were caused by deficiencies within Georgetown's internal control framework related to financial compliance under federally funded awards. Although foundational controls exist, Georgetown's processes lacked the necessary rigor in standardized policies, system-based validation checks, and comprehensive oversight mechanisms required to consistently ensure accurate cost classification in accordance with NSF guidelines and approved award budgets. Additionally, improved coordination among the various departments involved in award budgeting and financial management would enhance the institution's ability to align budgeted amounts with actual costs incurred and to ensure proper categorization of expenditures across funding sources. As a result of these internal control deficiencies, Georgetown did not consistently classify expenses accurately across multiple cost elements. While the underlying expenditures were determined to be reasonable, allowable, and allocable to the respective awards, the misclassifications increase the risk of noncompliance. These include the potential for future disallowances, inaccurate financial reporting, and administrative inefficiencies arising from the need for retroactive corrections. These deficiencies contributed to a total of \$18,034 in questioned indirect costs across three NSF awards, as illustrated in **Table 15** below.

Table 15: Finding 5 Summary: Unallowable Applied F&A Related to Misclassified Costs

NSF Award No.	Spending Category	Fiscal Year(s)	Questioned Costs		
			Costs Incurred	F&A Rate Applied	Total Indirect Questioned Costs
	Travel & Bus - Hotel & Lodging - Domestic	2023	\$ 23,630	26%	\$ 6,144
	Travel & Bus - Catering	2023	\$ 6,300	56%	\$ 3,528
	Oth Op Exp - Other Miscellaneous Expense	2023	\$ 32,163	26%	\$ 8,362
Total			\$ 62,093		\$ 18,034

Recommendation: We recommend NSF's Director of the Division of Institution and Award Support:

- 5.1. Direct Georgetown to provide documentation supporting that it has repaid or otherwise credited the \$18,034 in questioned indirect expenses for which it has agreed to reimburse NSF.
- 5.2. Direct Georgetown to develop and disseminate clear policies and procedures for identifying and classifying costs incurred. Policies could explicitly define categories in alignment with NSF and Uniform Guidance requirements.
- 5.3. Direct Georgetown to provide targeted training to staff involved in proposal budgeting, award setup, post-award financial management, and general ledger accounting. Training could include the distinction between cost categories and the effects of cost misclassification.
- 5.4. Direct Georgetown to establish routine compliance checks and periodic reviews of cost classifications to ensure that misclassified transactions are detected and corrected prior to financial reporting or drawdown of federal funds.

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- 5.5. Direct Georgetown to review prior cost transactions on open NSF-funded awards to determine if additional misclassifications exist. Where necessary, make appropriate adjustments and maintain documentation of all corrective actions.

Georgetown Response: Georgetown agreed to reimburse NSF for the \$18,034 in questioned costs. Further, Georgetown reiterated the development of a consistent process with JORA for setting up NSF awards with participant support costs under separate grant numbers. For other types of misclassifications identified, Georgetown is reviewing and updating internal procedures to clarify costs element definitions, spending categories, and system mapping, as well as enhancing training for cost categorization and implementing compliance checks.

Auditor's Additional Comment: Our position regarding this finding has not changed.

Finding 6: Non-Compliance with Policies and Procedures

Georgetown did not always comply with, or document its compliance with, its policies and procedures when incurring costs charged to NSF awards.²⁷ Instances of non-compliances are further described in **Table 16** below:

Table 16: Non-Compliance with Policies and Procedures

NSF Award No.	Fiscal Year	Cost Element	Compliance Exception Identified	Notes
██████	2023	ODCs	Non-Compliance with Georgetown Contracts for Purchased Goods and Services	a
██████	2024	Consultants	Non-Compliance with Georgetown Contracts for Purchased Goods and Services	b
██████	2023	Materials & Supplies	Non-Compliance with Georgetown Contracts for Purchased Goods and Services	c
██████	2023	Travel	Non-Compliance with Georgetown Budget Process	d
██████	2020	Travel	Non-Compliance with Georgetown Business Travel and Entertainment	e
██████	2024	Salaries & Wages	Non-Compliance with Georgetown Payroll Distribution and Certification of Effort on Sponsored Projects	f
██████	2024	Salaries & Wages	Non-Compliance with Georgetown Payroll Distribution and Certification of Effort on Sponsored Projects	f
██████	2023	Salaries & Wages	Non-Compliance with Georgetown Payroll Distribution and Certification of Effort on Sponsored Projects	f
██████	2022	Salaries & Wages	Non-Compliance with Georgetown Payroll Distribution and Certification of Effort on Sponsored Projects	f
██████	2024	Subawards	Non-Compliance with Georgetown Sub recipient Monitoring	g
██████	2024	Subawards	Non-Compliance with Georgetown Sub recipient Monitoring	g
██████	2024	Subawards	Non-Compliance with Georgetown Sub recipient Monitoring	g

²⁷ According to 2 CFR §200.334 (revised November 12, 2020), *Retention requirements for records*, Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report.

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Competitive Bidding

- a. Georgetown did not submit competitive bids or adequately document sole-source justification over one sample item which exceeded the \$50,000 threshold.²⁸ Georgetown acknowledged that its procurement policy requires competitive bids or a sole-source justification for costs exceeding \$50,000, but that time-sensitive conditions required an expedient procurement process. Therefore, Georgetown did not follow its established policy related to obtaining proper competitive bidding for federally funded expenses.
- b. Within applicable Contract Request Cover Sheet for the expenditure, the competitive bidding section indicated that no bids were necessary. However, Georgetown's procurement policy FA-515 requires a sole source justification or a minimum of three (3) quotes as the total consulting costs exceeded \$50,000.²⁸ Although the consultant was selected prior to the award start, and partnered in creating the proposal, Georgetown's policy does not allow for exceptions to bidding requirements related to specialized services for federally funded expenses.
- c. Georgetown did not maintain evidence of multiple competitive bids/quotes or appropriate sole source justification over this sampled transaction because the original procurement contract ended in June 2015, which is outside of Georgetown's 7-year documentation retention policy. Since the performance of NSF Award [REDACTED] is through 8/1/2025, the applicable records should be maintained in accordance with the Uniform Guidance. Documentation that supports a purchase made under a federal award should be maintained for three years from the date of submission of the award's final financial report.²⁹

Required Approvals

- d. Georgetown incurred catering expenses in April 2023 under NSF Award No. [REDACTED] as part of an in-person conference in accordance with the grant objective. As an expense under a federal award, Georgetown's policy requires the approval of either a Grant Manager or Principal Investigator; however, Georgetown was unable to provide evidence of approval from either the Grant Manager or Principal Investigator for this transaction, although Georgetown states that the Grant Manager would have been aware of the expense at the time.³⁰

Expense Reimbursement Reporting

- e. An employee incurred travel costs for an event registration fee in September 2019; however, the cost was not submitted on a travel expense report until January 2020. Georgetown's policy indicates that when a travel expense is incurred more than 60 days prior to the submission of a travel expense report, additional review and approval is required from the Campus Chief Financial Officer or Tax Department. However, Georgetown was unable to provide documentation to

²⁸ Georgetown's Policy FA-515 on Contracts for Purchased Goods and Services, Section 6: Competitive Bidding, requires that for purchases of \$50,000 or more, a pre-contract engagement with Georgetown Procurement Services (GPS) and a competitive bidding process must be conducted, unless a sole source or single source request has been approved by GPS. The process must include written bids from at least three suppliers.

²⁹ Georgetown's *Federal Sponsored Awards Expenditures Guideline, III. Documentation and Justification for Expenditures*, states that all expenses charged to a sponsored award must be properly documented. Supporting documentation must clearly demonstrate that the expense adheres to the award's specific terms, including any restrictions or required approvals.

³⁰ As part of a walkthrough of Georgetown's Budget Process, Georgetown provided information which noted that the JORA staff work with the PI and Grant Manager to set up the budget in the internal financial management system. All expenses route for Grant Manager and/or PI approval through that system.

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establish the required approval from the Campus Chief Financial Officer or Tax Department was obtained. Although this transaction fell outside the scope of our audit period of performance, beginning October 1, 2021, Georgetown included the transaction in an adjustment during October 2022 which led to the transaction being included in the ACM\$ data within the audit scope. There are no questioned costs identified with this transaction.³¹

Effort Certifications

- f. In four (4) instances employee effort certification statements were not approved in a timely manner. Specifically, we noted two (2) instances in which the approval was delayed by three (3) months, and two (2) instances in which the effort certification was not approved until 2025 which was 18 months after the close of the period covered under the effort certification statement.³²

Subawards

- g. Within one subrecipient agreement, Georgetown originally included an applied indirect rate of 52%, but later revised the indirect rate to 53.5% in a modification to the subrecipient agreement. The subrecipient's appropriate rate included in its Negotiated Indirect Cost Rate Agreement as of the start of the subrecipient agreement was 53%. Although the subrecipient appropriately applied the 53% rate, the subrecipient agreement reflected an incorrect indirect rate.³³

Georgetown did not have sufficient controls in place to ensure it complied with its internal policies when charging expenses to NSF awards. Specifically, Georgetown did not always ensure that personnel consistently engaged in competitive bidding or generated an appropriate sole or single source justification for all expenses charged to NSF awards, that all required approvals were appropriately documented, that personnel sufficiently maintained all required equipment information within the system, that personnel completed and approved effort certification statements in a timely manner, or that subrecipient agreements appropriately reflected applicable indirect rates. Because these instances of non-compliance did not directly result in Georgetown charging unallowable costs to NSF awards, we are not questioning any costs related to these exceptions; however, we are noting exceptions of non-compliance for the above described exceptions.

Recommendation: We recommend NSF's Director of the Division of Institution and Award Support:

- 6.1. Direct Georgetown to implement enhanced procedures and internal controls to ensure compliance with its own policies for NSF award oversight, including verifying competitive bidding

³¹ Georgetown's Policy FA-112, *Business Travel and Entertainment, Roles and Responsibilities*, states that if the employee is seeking reimbursement of travel expenses, the employee must adequately account for expenses within 60 days after the expense was paid or incurred. If expenses are submitted after 60 days, said expenses must be reviewed and approved by the campus CFO and the tax department.

³² Georgetown's Policy 131(15), *Payroll Distribution and Certification of Effort on Sponsored Projects, Roles and Responsibility*, states that the Department Administrator is responsible for assisting the PI in reviewing effort certification forms in advance of their certification, to make updates to payroll distributions, and assist in the completion of timely effort certification process.

³³ Georgetown's Policy 143(18), *Sub recipient Monitoring, 143.02 Statement*, states that Georgetown is required by OMB Uniform Guidance (2 CFR 200) to do the following when engaging sub recipient organizations: 1... Required information includes: (A) Federal Award Identification (xii.) Indirect cost rate for the Federal award (including if the de minimis rate is charged per §200.414 Indirect (F&A) costs).

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documentation, required reviews and approvals, accurate equipment records, timely effort certification, and correct subrecipient indirect rates.

Georgetown Response: Georgetown agreed with this finding, stating that it will provide additional training to ensure compliance with institutional policies, specifically with PIs and grant administrators for accurate time effort certification and expense reimbursement reporting, the procurement department for competitive bidding documentation, and JORA regarding subrecipient indirect rates application and monitoring.

Auditor's Additional Comment: Our position regarding this finding has not changed.

Castro & Company, LLC
September 12, 2025

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APPENDIX A – GEORGETOWN UNIVERSITY RESPONSE

Docusign Envelope ID: 5FC2B2DF-F74C-47C3-89A1-9493B40179D7



GEORGETOWN UNIVERSITY
Office of the Chief Financial Officer

July 30, 2025

Ms. Millie Seijo
Castro & Company, LLC
1635 King Street
Alexandria, VA 22314

Re: Georgetown University - Performance audit of Incurred costs Georgetown claimed during the period of October 1, 2021 through September 30, 2024.

Dear Ms. Seijo,

On behalf of Georgetown University ("Georgetown" or "the University"), I am submitting these comments in response to the Draft Audit Report issued by Castro & Company, LLC on July 8, 2025 in connection with the above-referenced audit.

The University accepts the findings related to questioned costs. Accordingly, these comments focus on describing the relevant policies, procedures, and internal controls that Georgetown has in place or plans to implement.

Finding 1: Unallowable Expenses

Georgetown University agreed to return the \$13,904.00 of questioned costs identified in this finding and has initiated corrective actions. A refund of \$8,308.53 was issued on 06.26.2025.

The University will continue to provide training for Principal Investigators (PIs) and grant Administrators, which emphasizes the cost principles of allowability, allocability, and reasonableness, specifically addressing the period of performance.

The University is in the process of updating its subrecipient monitoring policy to specify the requirement that all subrecipients adhere to federal travel regulations, including the Fly America Act, before travel expenses are charged to federal awards. It also includes training and new checklist requirements for both central and departmental grant managers.

Finding 2: Inadequately Supported Expenses

Georgetown University agreed to return the \$22,120.00 of questioned costs identified in this finding and has initiated corrective actions. A refund of \$10,374.00 was issued on December 5, 2024.

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The University is currently evaluating enhancements to its subrecipient monitoring practices. To improve oversight, we have developed a risk-based desk review framework and are expanding training for both central and departmental grant managers to ensure effective invoice review and follow-up.

Internal controls have been reinforced to prevent similar issues of duplicated charges, including enhanced reconciliation procedures between award transactions and the general ledger, and additional review checks prior to financial reporting and closeout. Our monthly letter of credit reconciliation procedures also help identify variances between payment amounts reflected in our internal accounting system and the ACMS system prior to drawdown submissions.

Finding 3: Unallowable Indirect Costs

Georgetown University agreed to return the \$32,083.00 of questioned costs identified in this finding.

The improper application of indirect costs resulted from system limitations and misclassification of participant support accounts that were not consistently excluded from the F&A base.

To address this and strengthen internal controls, the University has developed a consistent process with the Joint Office of Research Administration (JORA) to set up NSF awards with Participant Support Costs (PSCs) under a separate grant number. This structure ensures that indirect costs are not calculated on PSCs. Additionally, the University's Information Systems department will be looking into solutions of system validation rules to ensure participant support costs charged to Federal awards do not have indirect costs applied.

The University will provide training to JORA, PIs, and grant administrators on proper setup, PSC classification, and the impact of misclassification. Regular Budget-to-Actual Report (BAR) reviews are used to verify that PSCs are properly recorded, and the University will continue to provide refresher trainings on the Budget-to-Actual Report (BAR) Review and Reconciliation Policy to reinforce post-award oversight best practices.

Finding 4: Inappropriately Allocated Expenses

Georgetown University agreed to return the \$19,150.00 of questioned costs identified in this finding.

The **University's Direct** Cost Allocation Policy helps mitigate the risk that costs are inappropriately allocated to NSF awards. The policy requires that, where a cost benefits more than one project, PIs develop a reasonable and supportable methodology for allocating costs between those projects, and that this methodology is documented and consistently applied.

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The University's ongoing training for PIs and grant administrators emphasizes the cost principles of allowability, allocability, and reasonableness, and will continue to highlight the requirements outlined in the policy.

Finding 5: Misclassification of Costs Incurred and Improper Application of Indirect Costs

Georgetown University agreed to return the \$18,034.00 of questioned costs identified in this finding.

The University has developed a consistent process with JORA to set up NSF awards with Participant Support Costs (PSCs) under separate grant numbers to prevent the misapplication of indirect cost. Training will be provided to JORA, PIs, and grant administrators on proper setup, classification of PSCs, and the implications of misclassification. Additionally, the University's Information Systems department will be looking into solutions of system validation rules to ensure participant support costs charged to Federal awards do not have indirect costs applied.

To address other cost classification issues, including misclassified equipment, salaries, and travel, the University is reviewing and updating internal procedures to clarify cost element definitions, spending categories and system mapping, ensuring alignment with Uniform Guidance and NSF expectations. The University is also enhancing targeted training on cost categorization, and implementing compliance checks to detect errors. Regular BAR reviews and refresher training on relevant policies will reinforce best practices in post-award oversight.

Finding 6: Non-Compliance with Policies and Procedures

Georgetown University agrees to provide additional training to ensure compliance with institutional policies for NSF award oversight.

Trainings will be conducted specifically with the following groups:

1. PIs and grant administrators regarding accurate timely effort certifications and expense reimbursement reporting
2. Procurement Department regarding the procurement policy, specifically competitive bidding documentation
3. JORA regarding subrecipient indirect rates application and monitoring

The University is in the process of updating its procurement policy to include the appropriate thresholds that are in place within our internal accounting system. The University will continue to educate and train employees on the revised procurement policy and emphasizing the importance of contemporaneous documentation and retention of vendor selection records in the procurement files.

We are committed to strengthening policy clarity, training, and compliance monitoring, ensuring consistent application of internal controls across all departments and stakeholders involved in NSF award management. In support of this commitment, the University established the Joint Office of Research Administration (JORA) in July 2023 to provide increased efficiency,

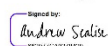
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consistency and enhanced support for research administration across the university. JORA offers a full suite of pre and post award services to faculty across the University.

Thank you for the opportunity to submit these comments on the draft audit report. Should you have any questions or need any additional information from the University, please do not hesitate to contact Chao Wang, Senior Director, Sponsored Projects Financial Operations, at [REDACTED]@georgetown.edu and or myself at [REDACTED]@georgetown.edu.

Sincerely,

 Signed by:
Andrew Scalise

Andrew Scalise
Interim Controller
Office of the Chief Financial Officer
Georgetown University
(202) 687-2599

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APPENDIX B – OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The National Science Foundation Office of Inspector General Office of Audits, Inspections, and Evaluations engaged Castro & Company, LLC to conduct an audit of the costs that the Georgetown University claimed on NSF awards during the audit period of performance of October 1, 2021 through September 30, 2024. The objectives of the audit were to evaluate Georgetown's award management environment; determine if costs claimed are allowable, allocable, reasonable, and in compliance with NSF award terms and conditions and applicable federal financial assistance requirements; determine whether any further audit work was warranted and recommend a path forward as described in the task order Performance Work Statement; and perform any additional audit work as determined appropriate.

Scope

The audit population included approximately \$24.2 million in expenses Georgetown claimed on 102 NSF awards during our audit period of October 1, 2021 through September 30, 2024.

Methodology

Based on the objectives and scope of the audit, we conducted this engagement by completing the following steps:

- Assessing the reliability of the general ledger data Georgetown provided by comparing the costs charged to NSF awards per Georgetown's accounting records to the reported net expenditures reflected in its NSF Award Cash Management Service drawdown requests.
 - Our work required us to rely on computer-processed data obtained from Georgetown and NSF OIG. NSF OIG provided award data that Georgetown reported through NSF's ACM\$ during our audit period.
 - We assessed the reliability of the GL data that Georgetown provided by (1) comparing the costs charged to NSF awards per Georgetown's accounting records to the reported net expenditures reflected in the ACM\$ drawdown requests that Georgetown submitted to NSF during the audit period; and (2) reviewing the parameters that Georgetown used to extract transaction data from its accounting systems. We found Georgetown's computer processed data to be sufficiently reliable for the purposes of the audit. We did not identify any exceptions with the parameters that Georgetown used to extract the accounting data.
 - We found NSF's computer-processed data to be sufficiently reliable for the purposes of this audit. We did not independently review or test the accuracy of the data contained in NSF's databases or evaluate the effectiveness of the controls over those databases. However, the independent auditor's report on NSF's financial statements for Fiscal Year 2024 identified several deficiencies in the operating effectiveness of internal controls related to key financial support systems and service organization systems. Despite these findings, we determined that the data used in our audit was not materially affected. Specifically, we conducted a walkthrough with NSF personnel to understand and observe the process used to extract data

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from the Award Cash Management Service system. This walkthrough provided us with sufficient assurance that the data we relied on was extracted accurately and in accordance with established procedures, supporting our conclusion that the data was sufficiently reliable for audit purposes.

- Georgetown provided detailed transaction-level data to support \$24,237,429 in costs charged to NSF awards during the period of performance, which was less than the \$24,246,845 Georgetown claimed in ACM\$ for the 102 awards. This data resulted in a total audit universe of \$24,237,429 in expenses claimed on 102 NSF awards.
 - We identified an unsupported variance of \$10,374 between the GL data and the ACM\$ drawdowns for one NSF award. Additionally, we noted that the GL data included \$956 in additional costs claimed compared to the ACM\$ drawdowns for another NSF award. Overall, Castro observed a total difference of \$9,417 across two NSF awards. While Georgetown provided GL documentation to support most of the claimed costs, they did not support a portion of the costs for one NSF award amounting to \$10,374. Consequently, we questioned the unsupported drawdown amount.
 - Aside from the issues mentioned above, since the GL data largely reconciled with NSF's ACM\$ records, we concluded that the GL data was appropriate for the purposes of this engagement.
- Obtaining and reviewing all available accounting and administrative policies and procedures, external audit reports, desk review reports, and other relevant information that Georgetown and NSF OIG provided, as well as any other relevant information that was available online.
- Summarizing our understanding of federal, NSF, and Georgetown-specific policies and procedures surrounding costs budgeted for or charged to NSF awards and identifying the controls in place to ensure that costs charged to sponsored projects were reasonable, allocable, and allowable.
 - In planning and performing this audit, we considered Georgetown's internal controls within the audit's scope solely to understand the directives or policies and procedures Georgetown has in place to ensure that charges against NSF awards complied with relevant federal regulations, NSF award terms and conditions, and Georgetown policies.
- Providing Georgetown with a list of 109 transactions that we selected based on the results of our data analytics and requesting that Georgetown provide documentation to support each transaction.
- Reviewing the supporting documentation Georgetown provided and requesting additional documentation as deemed necessary to ensure we obtained sufficient, appropriate evidence to assess

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the allowability of each sampled transaction under relevant federal³⁴, NSF³⁵, and Georgetown policies³⁶.

- Holding virtual interviews and walkthroughs with Georgetown in January 2025 to discuss salaries and wages (including fringe benefits and effort reporting), travel, participant support costs, procurement, equipment (including an inventory check), materials and supplies, publications, other direct costs (e.g., computer services, conference/workshop expenses, honorarium, gift cards, maintenance and repair costs, rental costs, basic administrative and operational costs, scholarship/tuition costs, service facility costs, training/education costs, program income, and unallowable costs), subawards, consultant services, ACM\$ processing, indirect costs, and other general policies (e.g., pre- and post-award costs, program income, whistleblower information, research misconduct, and conflict of interest policies).

At the conclusion of our fieldwork, we provided a summary of our results to NSF OIG personnel for review. We also provided the summary to Georgetown personnel to ensure Georgetown was aware of each of our findings and that it did not have additional documentation to support the questioned costs.

We conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

³⁴ We assessed Georgetown's compliance with 2 Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

³⁵ We assessed Georgetown's compliance with NSF Proposal and Award Policies and Procedures Guides (PAPPGs) 20-1, 22-1, 23-1, and 24-1, and with NSF award terms and conditions, as appropriate.

³⁶ We assessed Georgetown's compliance with internal Georgetown policies and procedures surrounding costs budgeted for or charged to NSF awards.

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APPENDIX C – SUMMARY OF QUESTIONED COSTS

Appendix C, Table 1: Summary of Questioned Costs by Finding

Finding	Description	Questioned Costs		
		<i>Unsupported</i>	<i>Unallowable</i>	<i>Total</i>
1	Unallowable Expenses	\$ -	\$ 13,904	\$ 13,904
2	Inadequately Supported Expenses	\$ 22,120	\$ -	\$ 22,120
3	Unallowable Indirect Costs	\$ -	\$ 32,083	\$ 32,083
4	Inappropriately Allocated Expenses	\$ -	\$ 19,150	\$ 19,150
5	Misclassification of Costs Incurred and Improper Application of Indirect Costs	\$ -	\$ 18,034	\$ 18,034
6	Non-Compliance with Policies and Procedures	\$ -	\$ -	\$ -
Total		\$ 22,120	\$ 83,171	\$ 105,291

Source: Auditor summary of questioned costs by finding.

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Appendix C, Table 2: Summary of Questioned Costs by NSF Award Number

NSF Award Number	No. of Transaction Exceptions	Questioned Direct Costs	Questioned Indirect Costs	Questioned Total	Georgetown Agreed to Reimburse
	1	\$ 3,000	\$ 1,665	\$ 4,665	\$ 4,665
	7	\$ -	\$ -	\$ -	\$ -
	1	\$ 520	\$ 288	\$ 808	\$ 808
	1	\$ 1,611	\$ 894	\$ 2,505	\$ 2,505
	1	\$ -	\$ -	\$ -	\$ -
	1	\$ -	\$ -	\$ -	\$ -
	1	\$ 1,133	\$ -	\$ 1,133	\$ 1,133
	2	\$ -	\$ -	\$ -	\$ -
	3	\$ 165	\$ 6,187	\$ 6,352	\$ 6,352
	2	\$ 5,375	\$ 2,983	\$ 8,358	\$ 8,358
	1	\$ 6,650	\$ 3,724	\$ 10,374	\$ 10,374
	1	\$ -	\$ -	\$ -	\$ -
	2	\$ -	\$ 8,362	\$ 8,362	\$ 8,362
	1	\$ -	\$ -	\$ -	\$ -
	1	\$ 1,362	\$ 354	\$ 1,716	\$ 1,716
	1	\$ 1,117	\$ -	\$ 1,117	\$ 1,117
	1	\$ -	\$ -	\$ -	\$ -
	1	\$ 10,613	\$ -	\$ 10,613	\$ 10,613
	5	\$ -	\$ -	\$ -	\$ -
	1	\$ -	\$ -	\$ -	\$ -
	5	\$ 8,767	\$ 4,910	\$ 13,677	\$ 13,677
	1	\$ -	\$ -	\$ -	\$ -
	1	\$ -	\$ 3,528	\$ 3,528	\$ 3,528
	1	\$ -	\$ -	\$ -	\$ -
	5	\$ -	\$ 10,348	\$ 10,348	\$ 10,348
	2	\$ -	\$ 2,756	\$ 2,756	\$ 2,756
	3	\$ -	\$ 1,729	\$ 1,729	\$ 1,729
	1	\$ -	\$ 3	\$ 3	\$ 3
	3	\$ -	\$ 6,247	\$ 6,247	\$ 6,247
	2	\$ -	\$ 846	\$ 846	\$ 846
	2	\$ -	\$ 1,599	\$ 1,599	\$ 1,599
	3	\$ -	\$ 70	\$ 70	\$ 70
	2	\$ -	\$ 2,157	\$ 2,157	\$ 2,157
	2	\$ -	\$ 3,024	\$ 3,024	\$ 3,024
	1	\$ -	\$ 71	\$ 71	\$ 71
	1	\$ -	\$ 2,022	\$ 2,022	\$ 2,022
	2	\$ -	\$ 1,211	\$ 1,211	\$ 1,211
Total	72	\$ 40,313	\$ 64,978	\$ 105,291	\$ 105,291

Source: Auditor summary of questioned costs by NSF award number.

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Appendix C, Table 3: Summary of Questioned Costs by NSF Award Number and Expense Description

Finding No.	NSF Award No.	Description	Fiscal Year(s)	Direct	Indirect	Total	Georgetown Agreed to Reimburse
1) Unallowable Expenses		September 2018 Salaries and Wages	2021	\$ 1,611	\$ 894	\$ 2,505	\$ 2,505
		April 2023 Conference Catering	2023	\$ 165	\$ 43	\$ 208	\$ 208
		August 2022 Materials & Supplies	2022	\$ 1,362	\$ 354	\$ 1,716	\$ 1,716
		August 2022 Consultants	2022	\$ 5,375	\$ 2,983	\$ 8,358	\$ 8,358
		January 2024 Subaward Airfare	2024	\$ 1,117	\$ -	\$ 1,117	\$ 1,117
2) Inadequately Supported Expenses		December 2020 and October 2021 Subawards	2021	\$ 1,133	\$ -	\$ 1,133	\$ 1,133
		December 2023 Subawards	2023	\$ 10,613	\$ -	\$ 10,613	\$ 10,613
		June 2022 Other Direct Costs	2022	\$ 6,650	\$ 3,724	\$ 10,374	\$ 10,374
3) Unallowable Facilities & Administration Costs		2024 Inappropriately Applied F&A	2024	\$ -	\$ 111	\$ 111	\$ 111
		2021 Inappropriately Applied F&A	2021	\$ -	\$ 4	\$ 4	\$ 4
		2022 Inappropriately Applied F&A	2022	\$ -	\$ 152	\$ 152	\$ 152
		2023 Inappropriately Applied F&A	2023	\$ -	\$ 74	\$ 74	\$ 74
		2024 Inappropriately Applied F&A	2024	\$ -	\$ 10,007	\$ 10,007	\$ 10,007
		2021 Inappropriately Applied F&A	2021	\$ -	\$ 728	\$ 728	\$ 728
		2022 Inappropriately Applied F&A	2022	\$ -	\$ 567	\$ 567	\$ 567
		2023 Inappropriately Applied F&A	2023	\$ -	\$ 434	\$ 434	\$ 434
		2022 Inappropriately Applied F&A	2022	\$ -	\$ 3	\$ 3	\$ 3
		2022 Inappropriately Applied F&A	2022	\$ -	\$ 1,196	\$ 1,196	\$ 1,196
		2023 Inappropriately Applied F&A	2023	\$ -	\$ 1,560	\$ 1,560	\$ 1,560
		2023 Inappropriately Applied F&A	2023	\$ -	\$ 179	\$ 179	\$ 179
		2024 Inappropriately Applied F&A	2024	\$ -	\$ 667	\$ 667	\$ 667
		2021 Inappropriately Applied F&A	2021	\$ -	\$ 1,456	\$ 1,456	\$ 1,456
		2022 Inappropriately Applied F&A	2022	\$ -	\$ 3,484	\$ 3,484	\$ 3,484
		2023 Inappropriately Applied F&A	2023	\$ -	\$ 1,307	\$ 1,307	\$ 1,307
		2023 Inappropriately Applied F&A	2023	\$ -	\$ 395	\$ 395	\$ 395
		2024 Inappropriately Applied F&A	2024	\$ -	\$ 1,204	\$ 1,204	\$ 1,204
		2022 Inappropriately Applied F&A	2022	\$ -	\$ 31	\$ 31	\$ 31
		2024 Inappropriately Applied F&A	2024	\$ -	\$ 33	\$ 33	\$ 33
		2022 Inappropriately Applied F&A	2022	\$ -	\$ 6	\$ 6	\$ 6
		2023 Inappropriately Applied F&A	2023	\$ -	\$ 1,067	\$ 1,067	\$ 1,067
		2024 Inappropriately Applied F&A	2024	\$ -	\$ 1,957	\$ 1,957	\$ 1,957
		2023 Inappropriately Applied F&A	2023	\$ -	\$ 131	\$ 131	\$ 131
		2024 Inappropriately Applied F&A	2024	\$ -	\$ 2,026	\$ 2,026	\$ 2,026

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Finding No.	NSF Award No.	Description	Fiscal Year(s)	Direct	Indirect	Total	Georgetown Agreed to Reimburse
	██████	Non-Compliance with Georgetown Contracts for Purchased Goods and Services	2023	\$ -	\$ -	\$ -	\$ -
	██████	Non-Compliance with Georgetown Budget Process	2023	\$ -	\$ -	\$ -	\$ -
	██████	Non-Compliance with Georgetown Business Travel and Entertainment	2021	\$ -	\$ -	\$ -	\$ -
	██████	Non-Compliance with Georgetown Payroll Distribution and Certification of Effort on Sponsored Projects	2024	\$ -	\$ -	\$ -	\$ -
	██████	Non-Compliance with Georgetown Payroll Distribution and Certification of Effort on Sponsored Projects	2024	\$ -	\$ -	\$ -	\$ -
	██████	Non-Compliance with Georgetown Payroll Distribution and Certification of Effort on Sponsored Projects	2023	\$ -	\$ -	\$ -	\$ -
	██████	Non-Compliance with Georgetown Payroll Distribution and Certification of Effort on Sponsored Projects	2022	\$ -	\$ -	\$ -	\$ -
	██████	Non-Compliance with Georgetown Sub recipient Monitoring	2024	\$ -	\$ -	\$ -	\$ -
	██████	Non-Compliance with Georgetown Sub recipient Monitoring	2024	\$ -	\$ -	\$ -	\$ -
	██████	Non-Compliance with Georgetown Sub recipient Monitoring	2024	\$ -	\$ -	\$ -	\$ -
Total				\$ 40,313	\$ 64,978	\$ 105,291	\$ 105,291

Source: Auditor summary of identified exceptions.

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Finding No.	NSF Award No.	Description	Fiscal Year(s)	Direct	Indirect	Total	Georgetown Agreed to Reimburse
		2023 Inappropriately Applied F&A	2023	\$ -	\$ 71	\$ 71	\$ 71
		2024 Inappropriately Applied F&A	2024	\$ -	\$ 2,022	\$ 2,022	\$ 2,022
		2023 Inappropriately Applied F&A	2023	\$ -	\$ 245	\$ 245	\$ 245
		2024 Inappropriately Applied F&A	2024	\$ -	\$ 966	\$ 966	\$ 966
		May 2023 Publication	2023	\$ 8,767	\$ 4,910	\$ 13,677	\$ 13,677
4) Inappropriately Allocated Expenses		July 2022 Publication	2022	\$ 3,000	\$ 1,665	\$ 4,665	\$ 4,665
		May 2022 Materials & Supplies	2022	\$ 520	\$ 288	\$ 808	\$ 808
5) Misclassification of Costs Incurred and Improper Application of Indirect Costs		June 2024 ODC - Stipend	2024	\$ -	\$ -	\$ -	\$ -
		June 2023 ODC - Stipend	2023	\$ -	\$ -	\$ -	\$ -
		September 2023 ODC - Stipend	2023	\$ -	\$ -	\$ -	\$ -
		August 2022 ODC - Stipend	2022	\$ -	\$ -	\$ -	\$ -
		August 2022 ODC - Stipend	2022	\$ -	\$ -	\$ -	\$ -
		September 2023 ODC - Stipend	2023	\$ -	\$ -	\$ -	\$ -
		September 2023 ODC - Stipend	2023	\$ -	\$ -	\$ -	\$ -
		November 2022 ODC - Stipend	2022	\$ -	\$ -	\$ -	\$ -
		January 2024 ODC - Stipend	2024	\$ -	\$ -	\$ -	\$ -
		October 2021 ODC - Stipend	2021	\$ -	\$ -	\$ -	\$ -
		September 2021 ODC - Stipend	2021	\$ -	\$ -	\$ -	\$ -
		September 2021 ODC - Stipend	2021	\$ -	\$ -	\$ -	\$ -
		June 2023 ODC - Stipend	2023	\$ -	\$ -	\$ -	\$ -
		July 2024 ODC - Salary	2024	\$ -	\$ -	\$ -	\$ -
		May 2022 ODC - Salary	2022	\$ -	\$ -	\$ -	\$ -
		December 2023 ODC - Travel	2023	\$ -	\$ -	\$ -	\$ -
		May 2023 Travel - Participant Lodging	2023	\$ -	\$ 6,144	\$ 6,144	\$ 6,144
		June 2023 Travel - Participant Catering	2023	\$ -	\$ 3,528	\$ 3,528	\$ 3,528
		February 2022 Materials & Supplies - Student Reimbursement	2022	\$ -	\$ -	\$ -	\$ -
		December 2023 ODC - Equipment	2023	\$ -	\$ 8,362	\$ 8,362	\$ 8,362
6) Non-Compliance with Policies and Procedures		Non-Compliance with Georgetown Contracts for Purchased Goods and Services	2023	\$ -	\$ -	\$ -	\$ -
		Non-Compliance with Georgetown Contracts for Purchased Goods and Services	2024	\$ -	\$ -	\$ -	\$ -

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APPENDIX D – SUMMARY OF RECOMMENDATIONS

We recommend that NSF’s Director of the Division of Institution and Award Support:

- 1.1. Direct Georgetown to provide documentation supporting that it has repaid or otherwise credited the \$13,904 in questioned salary, travel, materials and supplies, consultants, and subaward expenses for which it has agreed to reimburse NSF.
- 1.2. Direct Georgetown to implement stronger pre-award cost controls and system checks to prevent charges incurred before an award’s start date from being incorrectly applied to federal awards.
- 1.3. Direct Georgetown to strengthen its review procedures for travel-related expenses to ensure that catering and meal costs are reasonable, appropriately documented, and align with federal per diem limits and attendance records.
- 1.4. Direct Georgetown to enhance its documentation and retention procedures for all award-related expenditures to ensure that costs are fully supported, clearly justified as allowable under federal regulations, and remain verifiable regardless of personnel changes.
- 1.5. Direct Georgetown to strengthen its review and approval processes for consultant expenses to ensure that all costs charged to federal awards are properly allocable, directly benefit the award, and are supported by appropriate documentation prior to payment.
- 1.6. Direct Georgetown to strengthen its subaward monitoring and compliance procedures to ensure that all subrecipients adhere to federal travel regulations, including the Fly America Act, before travel expenses are charged to federal awards.
- 2.1. Direct Georgetown to provide documentation supporting that it has repaid or otherwise credited the \$22,120 in questioned subaward and other direct cost expenses for which it has agreed to reimburse NSF.
- 2.2. Direct Georgetown to strengthen its policies, procedures, and internal controls for ensuring costs claimed on federal awards include adequate documentation to support the allocability, allowability, and reasonableness in accordance with federal regulations.
- 3.1. Direct Georgetown to provide documentation supporting that it has repaid or otherwise credited the \$32,083 in questioned indirect expenses for which it has agreed to reimburse NSF.
- 3.2. Direct Georgetown to strengthen its standardized policies, system-enabled validations, or comprehensive oversight mechanisms to ensure consistent and accurate application of indirect costs in alignment with NSF guidelines and the Uniform Guidance. These updated procedures could include:
 - Requiring personnel responsible for approving invoices to perform a documented review to ensure Participant Support Costs do not have applied indirect costs.
 - Developing guidance on accurately classifying all costs included within the Modified Total Direct Cost base and on applying the indirect cost rate to those accounts.
- 4.1. Direct Georgetown to provide documentation supporting that it has repaid or otherwise credited the \$19,150 in questioned publication and materials and supplies expenses for which it has agreed to reimburse NSF.
- 4.2. Direct Georgetown to produce formal written guidance and provide training on how to assess and document the methodology used to allocate costs consistent with the benefits received by acknowledged funding sources and materials and supplies.
- 5.1. Direct Georgetown to provide documentation supporting that it has repaid or otherwise credited the \$18,034 in questioned indirect expenses for which it has agreed to reimburse NSF.

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- 5.2. Direct Georgetown to develop and disseminate clear policies and procedures for identifying and classifying costs incurred. Policies could explicitly define categories in alignment with NSF and Uniform Guidance requirements.
- 5.3. Direct Georgetown to provide targeted training to staff involved in proposal budgeting, award setup, post-award financial management, and general ledger accounting. Training could include the distinction between cost categories and the implications of misclassification.
- 5.4. Direct Georgetown to establish routine compliance checks and periodic reviews of cost classifications to ensure that misclassified transactions are detected and corrected prior to financial reporting or drawdown of federal funds.
- 5.5. Direct Georgetown to review prior cost transactions on open NSF-funded awards to determine if additional misclassifications exist. Where necessary, make appropriate adjustments and maintain documentation of all corrective actions.
- 6.1. Direct Georgetown to implement enhanced procedures and internal controls to ensure compliance with its own policies for NSF award oversight, including verifying competitive bidding documentation, required reviews and approvals, accurate equipment records, timely effort certification, and correct subrecipient indirect rates.

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APPENDIX E – GLOSSARY

Allocable costs. A cost is allocable to a Federal award or other cost objective if the cost is assignable to that Federal award or other cost objective in accordance with the relative benefits received. This standard is met if the cost satisfies any of the following criteria:

- a) Is incurred specifically for the Federal award;
- b) Benefits both the Federal award and other work of the recipient or subrecipient and can be distributed in proportions that may be approximated using reasonable methods; or
- c) Is necessary to the overall operation of the recipient or subrecipient and is assignable in part to the Federal award in accordance with these cost principles. (2 CFR § 200.405).

Return to term's initial use.

Factors affecting allowability of costs. Except where otherwise authorized by statute, costs must meet the following criteria to be allowable under Federal awards:

- a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- c) Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the recipient or subrecipient.
- d) Be accorded consistent treatment. For example, a cost must not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for State and local governments and Indian Tribes only, as otherwise provided for in this part.
- f) Not be included as a cost or used to meet cost sharing requirements of any other federally-financed program in either the current or a prior period. See § 200.306(b).
- g) Be adequately documented. See § 200.300 through § 200.309.
- h) Administrative closeout costs may be incurred until the due date of the final report(s). If incurred, these costs must be liquidated prior to the due date of the final report(s) and charged to the final budget period of the award unless otherwise specified by the Federal agency. All other costs must be incurred during the approved budget period. At its discretion, the Federal agency is authorized to waive prior written approvals to carry forward unobligated balances to subsequent budget periods. (2 CFR § 200.403).

Return to term's initial use.

Reasonable costs. A cost is reasonable if it does not exceed an amount that a prudent person would incur under the circumstances prevailing when the decision was made to incur the cost. In determining the reasonableness of a given cost, consideration must be given to the following:

- a) Whether the cost is generally recognized as ordinary and necessary for the recipient's or subrecipient's operation or the proper and efficient performance of the Federal award;
- b) The restraints or requirements imposed by such factors as sound business practices; arm's-length bargaining; Federal, State, local, tribal, and other laws and regulations; and terms and conditions of the Federal award;

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- c) Market prices for comparable costs for the geographic area;
- d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the recipient or subrecipient, its employees, its students or membership (if applicable), the public at large, and the Federal Government; and
- e) Whether the cost represents a deviation from the recipient's or subrecipient's established written policies and procedures for incurring costs. (2 CFR § 200.404).

Return to term's initial use.

National Defense Authorization Act

General Notification

Pursuant to Pub. L. No. 117-263 § 5274, business entities and non-governmental organizations specifically identified in this report have 30 days from the date of report publication to review this report and submit a written response to NSF OIG that clarifies or provides additional context for each instance within the report in which the business entity or non-governmental organizations is specifically identified. Responses that conform to the requirements set forth in the statute will be attached to the final, published report.

If you find your business entity or non-governmental organization was specifically identified in this report and wish to submit comments under the above-referenced statute, please send your response within 30 days of the publication date of this report to OIGPL117-263@nsf.gov, no later than October 20, 2025. We request that comments be in .pdf format, be free from any proprietary or otherwise sensitive information, and not exceed two pages. Please note, a response that does not satisfy the purpose set forth by the statute will not be attached to the final report.

About Us

NSF OIG was established in 1989, in compliance with the *Inspector General Act of 1978* (5 USC 401-24). Our mission is to provide independent oversight of NSF to improve the effectiveness, efficiency, and economy of its programs and operations and to prevent and detect fraud, waste, and abuse.

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