



National Science Foundation • Office of Inspector General  
4201 Wilson Boulevard, Suite I-1135, Arlington, Virginia 22230

## MEMORANDUM

**DATE:** March 31, 2016

**TO:** Jeffery M. Lupis, Director  
Division of Acquisition and Cooperative Support (DACS)

**FROM:** Dr. Brett M. Baker   
Assistant Inspector General for Audit

**SUBJECT:** **NSF OIG Report No. 16-1-013**, *Independent Audit Report on Booz Allen Hamilton U.S. Government Inc's (BAH) Proposed Amounts on Unsettled Flexibly Priced Contracts for FY 2009*

At the NSF Director's request, we contracted with the Defense Contract Audit Agency (DCAA) to participate in an incurred cost audit of Booz Allen Hamilton (BAH) for FY 2009. The attached report presents the results of the audit. However; because of the manner in which DCAA prepares their reports, we obtained further cost detail regarding these and related results from DCAA to specifically identify the NSF impact.

DCAA issued an adverse opinion on the entire BAH proposal for claimed costs. The audit and additional information provided by DCAA identified \$1,171,673 of questioned indirect costs on three NSF contracts. The universe of the NSF contract costs claimed was \$30,368,922. The questioned costs were calculated as the difference in applying the DCAA auditor recommended indirect rates to the NSF claimed costs. See Schedule A for a summary of contract amounts and questioned costs by NSF contract.

As a result, we recommend that the NSF Director of the Division of Acquisition and Cooperative Support:

1. Resolve the \$1,171,673 of NSF questioned contract costs; and
2. Work with the DoD cognizant audit officials to assure that any additional corrective actions relating to the adverse opinion applicable to NSF are taken.

To fulfill our oversight responsibilities, the Office of Inspector General monitored the audit in conjunction with the BAH FY 2008 incurred cost audit.

DCAA is responsible for the attached report and resulting conclusions.

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

We thank you and your staff for the assistance extended to us during the audit. If you have any questions about this report, please contact Sherrye McGregor at (703) 292-5003 or Louise Nelson at (303) 844-4689.

Attachment

cc: Richard Buckius  
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**SCHEDULE A**

**FY 2009 Total Questioned Costs Identified by NSF Award**

<b>NSF Contract</b>		<b>Contract</b>	<b>Total Questioned</b>
DIS-0733650*	GS00T99ALD0202 NSF: NSF INFO TECHNOLOGY	\$27,364,584	947,342.60
	GS-23F-0109L NSF- FABS	3,012,837	225,084.00
DIS-0137908*	DIS-0137908 NATIONAL SCIENCE FOUNDATION	(8,499)	(753.38)
	<b>Totals for NSF</b>		<b>\$ 1,171,673.22</b>

**Note:**

The above information was provided by the DCAA auditors in conjunction with the attached audit report. DCAA did not specifically audit the direct costs for two of the NSF (Non-DoD) contracts (\* above), however all NSF contracts were included as part of auditing the indirect cost impact. Therefore, the attached DCAA report only specifically identifies one NSF Contract GS-23F-0109L (report page 88), because DCAA considered it a DoD/Air Force contract. The NSF questioned indirect costs are imbedded in the overall questioned indirect costs identified in the report.

The remainder of this report contains non-public material and is not posted.