

**SCHOOL DISTRICT OF PITTSBURGH  
PITTSBURGH, PENNSYLVANIA 15213**

**NATIONAL SCIENCE FOUNDATION  
AWARD NUMBERS ESI-9634048 AND  
ESR-0085139**

**FINANCIAL SCHEDULES AND  
INDEPENDENT AUDITORS' REPORTS  
for the period  
September 1, 1996 – September 30, 2003**

Foxx & Company  
700 Goodall Complex  
324 West Ninth Street  
Cincinnati, Ohio 45202-1908

[REDACTED]

[REDACTED]

**School District of Pittsburgh  
Pittsburgh, Pennsylvania 15213**

**TABLE OF CONTENTS**

	<u>PAGE</u>
<b>Executive Summary</b>	
Background.....	1
Audit Objectives, Scope, and Methodology .....	2
Summary of Audit Results.....	3
Exit Conference .....	6
<b>Audit Findings and Recommendations</b>	
Independent Auditors’ Report on Financial Schedules .....	8
Independent Auditors’ Report on Compliance with Laws and Regulations and Internal Controls Over Financial Reporting.....	10
<b>Financial Schedules and Supplemental Information</b>	
Schedule A-1 Schedule of Award Costs - (ESI-9634048).....	19
Schedule B-1 Schedule of Questioned Costs - (ESI-9634048) .....	20
Schedule A-2 Schedule of Award Costs - (ESR-0085139) .....	24
Schedule B-2 Schedule of Questioned Costs - (ESR-0085139) .....	25
Schedule C-1 Summary Schedules of Awards Audited and Audit Results .....	27
Notes to the Financial Schedules .....	29
<b>Appendix A – Awardee’s Preliminary Comments to the Audit .....</b>	<b>31</b>
<b>Appendix B – Awardee’s Comments to the Draft Report .....</b>	<b>38</b>

## **EXECUTIVE SUMMARY**



National Science Foundation  
Office of Inspector General  
4201 Wilson Boulevard  
Arlington, Virginia 22230

## **EXECUTIVE SUMMARY**

### **BACKGROUND**

---

We audited the funds awarded by the National Science Foundation (NSF) to the School District of Pittsburgh (SDP) under Award Nos. ESI-9634048 for the period September 1, 1996 to August 31, 2002, and ESR-0085139 for the period September 1, 2000 to September 30, 2003, which was extended by an award modification to August 31, 2006. SDP provides comprehensive academic curriculum for primary, secondary, adult education, vocational courses and special education programs for the City of Pittsburgh, Pennsylvania. SDP, as an NSF awardee, is governed by the cost principles specified in Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*; the Federal administrative requirements contained in OMB Circular A-102, *Grants and Cooperative Agreements with State and Local Governments*; and the audit requirements contained in OMB Circular A-133, *Audits of States, Local Governments and Non-profit Organizations*. In addition, SDP is required to follow the provisions for financial management systems and cost sharing contained in OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*. The following summarizes the amounts of the awards and provides a brief description of the activities associated with each award.

**Award Number ESI-9634048** – NSF awarded Grant No. ESI-9634048 to SDP on September 1, 1996 in the amount of \$3,421,924 and included a \$2,715,944 cost-share requirement. SDP claimed \$3,421,924 in NSF funding and \$2,049,947 in cost sharing as of September 30, 2002. The award expired on August 31, 2002. The project, “Pittsburgh Reform in Mathematics Education (PRIME),” was part of a broad systemic initiative in Pittsburgh designed to implement standards-based instruction in all content areas. During the four-year project, PRIME was to support teachers in the classroom implementation of standards-based mathematics instruction and assessment in grades K-12 through the use of exemplary instruction materials. PRIME was also to help teachers attain a broad knowledge base in both mathematics content and successful mathematics pedagogy needed in order to understand and implement the new materials successfully.

*Award Number ESR-0085139* – NSF awarded Cooperative Agreement No. ESR-0085139 to SDP on September 1, 2000 in the amount of \$5,000,000 and included a \$3,165,852 cost-share requirement. SDP claimed \$2,759,190 in NSF funding and \$2,591,574 in cost sharing as of September 30, 2003. The agreement will expire on August 31, 2006. The agreement titled “PRIME PLUS: The Pittsburgh Urban Systemic Project (USP)” is a K-12 based program that promotes systemic reform of science and mathematics education for all students. The USP also includes programmatic components that seek to foster partnerships between urban school districts and two- and four-year colleges and universities that embed research on educational practice and learning.

## **AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY**

---

At the request of the NSF Office of Inspector General (OIG), Foxx & Company performed an audit of two awards issued by the National Science Foundation to the School District of Pittsburgh (SDP).

The objectives of our audit engagement were to:

- Determine if the amounts on the Schedules of Award Costs (Schedules A-1 and A-2) present fairly in all material respects, the costs claimed on the Federal Cash Transactions Reports (FCTR); and that all the costs charged to the NSF awards by SDP, including cost sharing, were allowable, allocable and reasonable, in accordance with the applicable Federal cost principles and administrative requirements, and NSF award terms and conditions; and
- Identify matters concerning instances of noncompliance with laws, regulations, and the provisions of the award agreements pertaining to the NSF awards and weaknesses in SDP’s internal controls over financial reporting that could have a direct and material effect on the Schedules of Award Costs and SDP’s ability to properly administer, account for, and monitor NSF awards.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, (1999 Revision) issued by the Comptroller General of the United States, and the *National Science Foundation Audit Guide* (September 1996), as applicable. Those standards, and the *National Science Foundation Audit Guide*, require that we plan and perform the audit to obtain reasonable assurance about whether the amounts claimed to the National Science Foundation as presented in the Schedules of Award Costs (Schedules A-1 and A-2), are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures on the Schedules of Award Costs. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

The awardee failed to provide a management representative letter, although a letter was requested on several occasions. Failure of management to provide a written management

representation letter is considered an audit scope limitation by Statement on Auditing Standards No. 85. Therefore, we have issued a qualified opinion on the Schedule of Award Costs.

We used non-statistical sampling to test the costs claimed by SDP for compliance with Federal and NSF award requirements. Based on this sampling plan, questioned costs in this report may not represent total costs that may have been questioned had all expenditures been tested. In addition, we made no attempt to project such costs to total costs claimed, based on the relationship of costs tested to total costs.

## **SUMMARY OF AUDIT RESULTS**

---

An audit was performed on the costs claimed on financial reports submitted to the National Science Foundation (NSF) as well as the cost sharing provided by the School District of Pittsburgh (SDP) on NSF Award Nos. ESI-9634048 and ESR-0085139. These costs are shown in the Schedule of Award Costs (Schedules A-1 and A-2) and are summarized as follows:

<b>NSF Award Number</b>	<b>Award Budget</b>	<b>Costs Claimed</b>	<b>Questioned Costs</b>	<b>At Risk</b>
ESI-9634048	\$3,421,924	\$3,421,924	\$ 813,248	\$ -
Cost Share	2,715,944	2,049,947	2,105,064	-
ESR-0085139	5,000,000	2,759,190	96,467	-
Cost Share	3,165,852	2,591,574	-	798,932
Total NSF Share	\$8,421,924	\$6,181,114	\$ 909,715	\$ -
Total Cost Share	\$5,881,796	\$4,641,521	\$ 2,105,064	\$ 798,932

Except for the \$909,715 in questioned salaries and wages, fringe benefit, indirect, and participant support costs and \$2,903,996 in questioned and “at risk” cost sharing, described below, we determined that the costs claimed by SDP for the NSF funded award expenditures appear fairly stated and are allowable, allocable, and reasonable for both awards. NSF funded salaries and wages and related fringe benefit costs of \$894,699 were either not supported or supported with inaccurate or untimely labor effort certifications. Also, \$11,343 of indirect costs associated with the questioned salaries and wages were questioned. In addition, \$3,673 of participant support costs were questioned because the salaries of two substitute teachers were erroneously charged to NSF Award No. ESR-0085139. Finally, approximately \$2.9 million (62 percent) of the \$ 4.64 million in total claimed cost sharing was either questioned or identified as “at risk” primarily because SDP could not provide adequate supporting documentation to evidence that the charges benefited the NSF awards. “At-risk” cost sharing is the amount of required cost sharing that has not been met at the time of the audit, but which the awardee still has time to meet before the end of the award period.

SDP has two primary material internal control deficiencies that caused these questioned costs. In general, SDP’s systems of internal controls are not adequate to properly administer, account for,

and monitor its NSF awards in compliance with NSF and federal requirements, in the areas related to payroll and cost sharing. Specifically:

- SDP does not have an adequate system for ensuring that semi-annual certifications of labor effort costs are completed in an accurate and timely manner, raising questions as to the reliability and integrity of \$894,699 or 21 percent of the total salaries and wages and related fringe benefits claimed on both NSF awards. Specifically, we found that a) personnel costs were charged for an individual that no longer worked for SDP during the period charged; b) semi-annual certifications indicated five individuals worked on Award No. ESR-0085139 but were incorrectly charged to Award No. ESI-9634048; c) 20 of the 31 certifications tested were signed from six months to over four years after the certification period; and d) 7 of the 20 certifications were prepared on an annual rather than a semi-annual basis. More than 65 percent (13 of 20) of the certifications tested were signed over 24 months after the certification period. In addition, SDP does not have a process in place to ensure that salaries and wages for hours worked charged to the NSF awards agree with the certifications and that revisions are made when needed to reflect actual costs. Because of the long period of time between the dates worked and the dates that the certifications were prepared, there was no assurance that salaries and wages and related fringe benefits charged to the NSF awards were accurate. We do not believe individuals can remember the projects and time periods that they worked six months to 4 years after-the fact. Also, it appears that a number of the certifications were completed within six months of the start of the audit, indicating that the certifications were prepared only in response to the audit, rather than as part of an institutionalized internal control system. Accordingly, we questioned a total of \$906,042 (\$894,699 + \$11,343) in salaries and wages, and the related fringe benefit and indirect costs for both NSF awards.
- SDP's system for accounting for cost sharing does not provide adequate assurance that the cost sharing amounts claimed are allowable, reasonable, or allocable to the NSF funded projects. In addition, there is no control procedure to ensure that the cost sharing is not claimed on other federal projects. As a result, the reliability and integrity of the cost sharing claimed by SDP on its certified cost sharing reports for both awards is questionable. Supporting documentation for \$2,903,996 of claimed cost sharing tested, representing about 62 percent of the total \$4.64 million claimed cost sharing on both awards, was not provided or the information provided did not support the cost sharing claimed. In addition, SDP did not submit its final cost share certification for Award No. ESI-9634048, even though the grant period ended in August 2002. These conditions exist because SDP does not have an adequate system to account for and document cost sharing.

The issue of completing semi-annual labor effort certifications for individuals that expended 100 percent of their time on NSF funded projects; inadequate accounting for cost share and the lack of cost sharing documentation was brought to SDP's attention in a prior NSF-OIG audit report in July 1997. At that time, NSF OIG recommended that SDP prepare the labor effort certifications at least semiannually, make necessary adjustments to reflect actual costs, and prepare a ledger summarizing cost sharing expenses based on actual costs that were supported by documentation. During that review the auditors were able to satisfy themselves through interviews and time and

attendance records that the individuals were working 100 percent of the time on the NSF grants. However, we could not verify the certifications during our current review, because alternative documentation such as day-timers, diaries, or other forms of documentation to substantiate the time charges were not provided or available. In the prior review, cost sharing was identified as “at-risk” because the award periods were ongoing and not final at the time of the audit. SDF did not take appropriate corrective action to resolve these two prior findings.

Because of the repeat findings identified in this audit, we recommend that the NSF Directors of DIAS and DGA recognize SDP as a high-risk awardee and before NSF disburses additional awards to SDP, NSF should ensure that SDP has implemented corrective actions to address its grants financial management and internal control deficiencies for its payroll related and cost sharing activities. Specifically, the NSF Directors of DIAS and DGA should ensure that SDP develop a corrective action plan detailing specific actions it will take to address the report findings and recommendations with identified milestone dates for implementation. The Director of DGA should verify that these corrective actions are implemented before making additional awards to SDP.

Specifically, to address the internal control weaknesses concerning the completion of semi-annual certifications, we recommend that the NSF Directors of DIAS and DGA require SDP to develop procedures for ensuring the completion of semi-annual labor effort certifications for employees charging 100 percent of their time to federally funded projects. The procedures should ensure that semi-annual labor effort certifications are accurately completed in a timely manner and that revisions to estimated time percentages are made when needed to reflect actual costs.

To address the internal control weaknesses regarding cost sharing, we recommend that the NSF Directors of DIAS and DGA require, for future awards, that SDP develop an adequate system for accumulating all costs incurred for cost sharing, perform a periodic review of all other federal grants to ensure that the NSF cost sharing is not claimed on other federal grants, and require that SDP compile and certify the remaining cost sharing amount for the final year of Award No. ESI-9634048. SDP should ensure that all costs included in cost share are adequately documented and that annual cost sharing certifications are submitted to NSF in a timely manner.

## **FOLLOW-UP OF PRIOR AUDIT FINDINGS**

As previously mentioned, NSF-OIG issued an audit report in July 1997 on two prior awards to SDP. In addition to several other findings in the report, the report disclosed that labor report certifications were not prepared for all employees working 100 percent of their time on the NSF awards and that the awardee could not adequately account for all its cost sharing. As a result, it was recommended that all personnel working 100 percent of their time on federal awards complete semi-annual certifications and the awardee adequately account for all cost sharing for NSF funded projects. As noted in this report, SDP did not take appropriate corrective action to resolve these two findings. In addition, SDP’s annual Single Audit for the calendar year ended December 31, 1996, reported a finding on labor effort time certifications for the NSF awards.

## **SUMMARY OF AUDITEE'S RESPONSE**

The awardee responded to the draft report in a letter dated April 1, 2005, which was faxed to our office on April 20, 2005. The awardee also provided written comments dated April 13, 2004 (Appendix A) to us after the fieldwork was completed. We included both sets of SDP comments and our response as part of this report.

In the April 20, 2005 response the awardee stated it felt that additional fieldwork or interviews and correspondence could remove the most serious recommendation that the Pittsburgh School District be recognized as a high-risk awardee. The awardee also stated that it had instituted a system-wide labor effort certification policy at the beginning of the 2004-05 school years that collects and reviews monthly and/or semi-annual certifications for all employees related to Federally funded programs. In addition, the awardee believed that there was information available at the School District which would show that employees actually worked on the correct grant and it had procedures in place to ensure that the cost sharing was not used for any other match.

The Awardee made no mention of the cost sharing for the last year of Award No. ESI-9634048 which had not been submitted or certified to at the conclusion of the audit fieldwork. Furthermore, the awardee did not provide a signed management representation letter as requested in the draft report.

The awardee has had over a year to adequately address the findings in the draft report and provide additional documentation. Accordingly, because the awardee did not provide any additional documentation with its comments, the findings and questioned costs in the draft report remain and are reflected in this final report. Furthermore, because of the material control weaknesses over payroll costs and cost share, the significance of the questioned costs identified, and because the awardee did not provide a management representation letter, the opinion in the audit report has been qualified.

The report findings should not be closed nor should additional awards be made to SDP until NSF verifies that all the recommendations have been adequately addressed and the proposed corrective actions have been satisfactorily implemented. SDP's response has been included in its entirety in Appendix A.

## **EXIT CONFERENCE**

---

A telephone exit conference was held on February 4, 2004 at the School District of Pittsburgh's (SDP's) office in Pittsburgh, Pennsylvania. A detailed summary of findings was sent to SDP on February 13, 2004. SDP provided additional information to Foxx by letter dated April 13, 2004.

Findings and recommendations contained in this report, as well as other observations were discussed with those attending.

***Representing SDP:***

Name	Title
[Redacted]	

***Representing Foxx & Company:***

Name	Title
[Redacted]	

## **AUDIT FINDINGS AND RECOMMENDATIONS**



National Science Foundation  
 Office of Inspector General  
 4201 Wilson Boulevard  
 Arlington, Virginia 22230

**INDEPENDENT AUDITORS' REPORT ON FINANCIAL SCHEDULES**

We have audited the costs claimed by the School District of Pittsburgh (SDP) to the National Science Foundation (NSF) on the Federal Cash Transactions Reports (FCTR) - Federal Share of Net Disbursements for the NSF awards listed below. In addition, we audited the amount of cost sharing claimed on the awards. The FCTRs, as presented in the Schedules of Award Costs (Schedules A-1 and A-2), are the responsibility of the School District of Pittsburgh's management. Our responsibility is to express an opinion on Schedules A-1 and A-2 based on our audit.

<b>Award Number</b>	<b>Award Period</b>	<b>Audit Period</b>
ESI-9634048	September 1, 1996 to August 31, 2002	September 1, 1996 to September 30, 2002
ESR-0085139	September 1, 2000 to August 31, 2006	September 1, 2000 to September 30, 2003

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, (1999 Revision) issued by the Comptroller General of the United States, and the *National Science Foundation Audit Guide* (September 1996), as applicable. These standards and the *National Science Foundation Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether the amounts claimed to NSF as presented in the Schedules of Awards Costs (A-1 and A-2) are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules of Award Costs. An audit also includes assessing the accounting principles used and significant estimates made by SDP management, as well as evaluating the overall financial schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

The Schedules of Questioned Costs (Schedules B-1 and B-2) explain the claimed costs totaling \$909,715 and cost sharing totaling \$2,903,996 that are questioned as to the costs allowability under the NSF award agreements or identified as "at-risk". Questioned costs are (1) costs for which there is documentation that the recorded costs were expended in violation of the law, regulations or specific conditions of the award, (2) costs that require additional support by the

awardee, or (3) costs that require interpretation of allowability by the National Science Foundation - Division of Acquisition and Cost Support (DACs). "At-risk" cost sharing is the amount of required cost sharing that has not been met at the time of the audit that the awardee still has time to meet before the end of the award period. The National Science Foundation will make the final determination regarding whether such costs are allowable. The ultimate outcome of this determination cannot presently be determined. Accordingly, no adjustment has been made to costs claimed for any potential disallowance by NSF.

We used non-statistical sampling to test the costs claimed by SDP for compliance with Federal and NSF award requirements. Based on this sampling plan, questioned costs in this report may not represent total costs that may have been questioned had all expenditures been tested. In addition, we made no attempt to project such costs to total costs claimed, based on the relationship of costs tested to total costs.

In our opinion, except for the scope limitation resulting from the awardee failing to provide a management representation letter, the material internal control weaknesses and the questioned costs, the Schedules of Award Costs (Schedule A-1 and A-2) referred to above present fairly, in all material respects, the costs claimed on the Federal Cash Transactions Reports – Federal Share of Net Disbursements for the period September 1, 1996 to September 30, 2003 in conformity with the *National Science Foundation Audit Guide*, *NSF Grant Policy Manual*, terms and conditions of the NSF award requirements, and on the basis of accounting described in the Notes to the Financial Schedules. These schedules are not intended to be a complete presentation of financial position in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* and the provisions of the *National Science Foundation Audit Guide*, we have also issued a report dated February 4, 2004 on tests of SDP's compliance with certain provisions of laws, regulations and the NSF award terms and conditions, and our consideration of SDP's internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the School District of Pittsburgh's management, the National Science Foundation, the cognizant Federal audit agency, the Office of Management and Budget, and the Congress of the United States, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Foxx & Company". The signature is written in a cursive, flowing style.

Foxx & Company  
February 4, 2004



National Science Foundation  
 Office of Inspector General  
 4201 Wilson Boulevard  
 Arlington, Virginia 22230

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS  
 AND REGULATIONS AND INTERNAL CONTROL OVER FINANCIAL REPORTING**

We have audited the costs claimed as presented in the Schedules of Award Costs (Schedules A-1 and A-2), which summarize the financial reports submitted by the School District of Pittsburgh (SDP) to the National Science Foundation (NSF) and claimed cost sharing, for the awards listed below and have issued our report thereon dated February 4, 2004.

<b>Award Number</b>	<b>Award Period</b>	<b>Audit Period</b>
ESI-9634048	September 1, 1996 to August 31, 2002	September 1, 1996 to September 30, 2002
ESR-0085139	September 1, 2000 to August 31, 2006	September 1, 2000 to September 30, 2003

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, (1999 Revision) issued by the Comptroller General of the United States, and the *National Science Foundation Audit Guide* (September 1996), as applicable. These standards and the *National Science Foundation Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedules are free of material misstatement.

**COMPLIANCE WITH LAWS AND REGULATIONS**

Compliance with applicable Federal laws, regulations, and the NSF award terms and conditions is the responsibility of SDP's management. As part of obtaining reasonable assurance about whether the financial schedules are free of material misstatement, we performed tests of SDP's compliance with certain provisions of laws, regulations, and the NSF award terms and conditions, noncompliance with which could have a direct and material effect on the determination of the financial schedule amounts. However, providing an opinion on compliance with such provisions was not an objective of our audit of the financial schedules. Accordingly, we do not express such an opinion.

The results of our tests of compliance disclosed two instances of noncompliance that are required to be reported herein under *Government Auditing Standards* and the *National Science*

*Foundation Audit Guide*. These compliance findings are discussed in the internal control report under Finding Nos. 1 and 2. We considered these instances of noncompliance in forming our opinion of whether the Schedules of Award Costs (Schedules A-1 and A-2) present fairly in all material respects, the costs claimed by the School District of Pittsburgh on the Federal Cash Transactions Reports for the period September 1, 1996 to September 30, 2003, in conformity with the *National Science Foundation Audit Guide*, *NSF Grant Policy Manual*, and the Federal and NSF award terms and conditions, and determined that this report does not affect our report dated February 4, 2004, on the Financial Schedules.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

The management of SDP is responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of internal control are to provide management with reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial schedules in accordance with accounting guidance provided by NSF. Because of inherent limitations in any internal control, misstatements due to errors or fraud may nevertheless occur and not be detected. Also, projection of any evaluation of internal controls to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the Schedules of Award Costs (Schedules A-1 and A-2) for the period of September 1, 1996 to September 30, 2003, we considered SDP's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial schedules and not to provide an opinion on the internal control. Accordingly, we do not express such an opinion.

We noted certain matters described below involving the internal control over financial reporting and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect SDP's ability to record, process, summarize, and report financial data in a manner that is consistent with the assertions of management in the financial schedules. Material weaknesses are reportable conditions in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements, in amounts that would be material in relation to the financial schedules being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of internal control over financial reporting would not necessarily disclose all matters related to internal control over financial reporting that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are also considered

to be material weaknesses. We noted the following matters involving SDP's internal control over financial reporting and its operation that we consider to be material weaknesses under standards established by the American Institute of Certified Public Accountants. In addition, we noted errors that resulted in questioned costs in Schedule A-2 in the area of participant support costs.

### **Finding No. 1: Inadequate System for Obtaining Semi-annual Labor Effort Certifications**

SDP does not have an adequate system for ensuring that semi-annual certifications of labor effort charged to NSF's awards are completed in an accurate and timely manner, raising questions as to the reliability and integrity of \$894,699 or 21 percent of the total salaries and wages and related fringe benefits claimed on both awards.

OMB Circular A-87, Attachment B, Section 11.h(3), states that "where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee."

Semi-annual certifications for teachers who were charged 100 percent of their time to the NSF awards either did not support hours charged to the NSF funded project or were not completed timely. Our tests of \$1,020,531 of the \$4,267,214 of salaries and wages and the related fringe benefit charges claimed found that \$894,699 or 88 percent of the costs tested were either not supported or were supported with inaccurate or untimely certifications. During the period September 1, 1996 to September 30, 2003, approximately 22 different teachers worked on the two NSF project awards and charged 100 percent of their time. For 9 of the employees we reviewed 31 semi-annual and annual certifications over thirteen different periods to determine if the certifications adequately supported the charges and were prepared timely (within six months after the period being certified). Problems with the certifications were noted for eight of the nine employees included in our test. About 65 percent of the 31 certifications tested were not prepared in a timely manner. SDP did not provide alternative documentation such as day timers, diaries or any other form of documentation to support their time charges.

Specifically, we found that a) semi-annual certifications were initially missing for two employees, b) semi-annual certifications indicated five individuals worked on Award No. ESR-0085139 but were incorrectly charged to Award No. ESI-9634048, c) 20 certifications were signed from six months to over four years after the certification period, and d) seven of the 20 certifications were prepared on an annual rather than a semi-annual basis.

Following is a summary of issues noted:

- a) Initially, semi-annual certifications were not provided for two of the nine employees tested for five semi-annual periods whose salary was charged 100 percent to Award No. ESI-964048. However, after we completed our audit fieldwork, SDP provided two annual certifications covering four semi-annual certification periods for one of the two individuals.

These certifications were prepared 40 and 50 months after the certification period. Accordingly, because the certifications were prepared so long after the certification period and were prepared on an annual basis, the two certifications were categorized with the late certifications discussed in Sections (c) and (d) below and the resulting costs were questioned. For the other individual, SDP stated that the employee did not work for SDP during the certification period even though the salary was charged to the NSF award. Since SDP did not submit documentation supporting that the individual worked on the NSF funded project, we questioned the \$3,325 of wages and \$698 of related fringe benefits, totaling \$4,023 charged to Award No. ESI-9634048.

- b) For five employees SDP could not support the charges to the NSF award. We found that for five of the eighteen employees' labor costs tested for the period February 2001 to August 31, 2001, the certification showed that the employees worked on NSF Award No. ESR-0085139 (Prime +). However, the salary and wages were incorrectly charged to Award No. ESI-9634048 (Prime), resulting in \$162,370 questioned unallocable salaries and wages. SDP stated that these individuals actually worked on Award No. ESI-9634048, however no documentation was provided. SDP does not have a process in place to ensure that salaries and wages charged to the NSF awards agrees with the certifications and that revisions are made when needed to reflect actual costs. As a result, we questioned \$162,370 of salaries and wages and \$34,097 of related fringe benefits, totaling to \$196,467 charged to Award No. ESI-9634048.
- c) Semi-annual certifications were not always prepared in a timely manner. We reviewed 31 semi-annual and annual certifications representing \$1,020,531 of labor and related fringe benefits charged to NSF awards to determine if SDP employees were preparing certifications in a timely manner. We found that 20 of the 31 tested were completed six or more months after the certification period. More than 65 percent of the late certifications (13 out of 20) were signed over 24 months after the certification period. Because of the long period of time between the dates worked and the dates that the certifications were prepared, there was no assurance that salaries and wages and related fringe benefits charged to the NSF awards were accurate. We do not believe individuals can remember the projects and time periods that they worked six months to four years after-the-fact. Also, it appears that a number of the certifications were completed within six months of the start of the audit indicating that the certifications were prepared only in response to the audit rather than as part of an institutionalized internal control system. As a result, we questioned \$574,365 of salaries and wages and \$119,844 of related fringe benefits totaling to \$694,209 charged to both NSF awards.
- d) We noted that 7 of the 20 certifications discussed above were prepared on an annual rather than a semi-annual basis. The awardee could not provide an explanation for this situation. Because the certifications were not prepared on a semi-annual basis, the salaries and related fringe benefits were also questioned in accordance with OMB Circular A-87, Attachment B, Section 11.h(3). The \$399,399 of salaries and wages and \$83,873 of related fringe benefit costs were included in the amounts questioned in (c) above, for Award No. ESI-9634048.

These conditions exist because SDP does not have an adequate monitoring system to ensure that employees working on NSF projects 100 percent of the time, complete semi-annual certifications within a reasonable time after the end of the six-month certification period. SDP also does not have a system to ensure that salaries and wages charged to NSF awards agree with the certifications. These conditions still exist currently even though SDP underwent a prior audit in 1997 where the lack of certifications for persons charged 100 percent to the NSF award was identified and recommendations were made for SDP to prepare the certifications at least semiannually and make necessary adjustments to reflect actual costs. During that review the auditors were able to satisfy themselves through interviews and time and attendance records that the individuals were, in fact, working 100 percent of the time on the NSF grants. However, we could not verify that the certifications were accurate during our current review, because alternative documentation such as day-timers, diaries, or other forms of documentation to substantiate the time charges was not provided or available. Therefore, we questioned a total of \$740,060 in salaries and wages, \$154,639 in related fringe benefit costs and \$11,343 in related indirect costs for both NSF awards. SDP officials could not explain why semi-annual certifications were not completed, were coded to one job but charged to another, or not completed timely.

**Recommendation No. 1:**

- a. Because of the repeat findings identified in this audit, we recommend that the NSF Directors of DIAS and DGA recognize SDP as a high-risk awardee and before NSF disburses additional awards to SDP, NSF should ensure that SDP has implemented corrective actions to address its grants financial management and internal control deficiencies for payroll related and cost sharing activities. Furthermore, the NSF Directors of DIAS and DGA should ensure that SDP develops a corrective action plan detailing specific actions it will take to address this report's findings and recommendations with identified milestone dates for implementation. The Director of DGA should verify that these corrective actions are implemented before making additional awards to SDP.
- b. We recommend that the NSF Directors of DIAS and DGA require SDP to develop procedures for monitoring the completion of semi-annual certifications for employees charging 100 percent of their time to federally funded projects. The procedures should ensure that semi-annual certifications are accurately completed within 30 days of the end of the reporting period and that revisions are made when needed to reflect actual costs.

**Awardee's Comments:**

The awardee indicated in its response to draft report that additional fieldwork, interviews, or correspondence could remove the most serious recommendation that SDP should be recognized as a high-risk awardee. According to the response, new certification policy had been instituted that collected and reviewed monthly and/or semi-annual certifications for all employees working on federally funded programs. As for the employee effort questioned in the draft report, the District had no doubt that the employees were sure of what they worked on since that was the total of their professional effort, even if the certifications were not signed timely. No additional documentation to support the labor charges was provided.

## Auditor's Response

The awardee had over a year to provide additional documentation. Since no additional documentation was provided in response to the draft report, the finding remains unchanged.

### **Finding No. 2: Cost Sharing – SDP Could Not Support its Cost Sharing in its Records**

SDP's system for accounting for cost sharing does not provide adequate assurance that the cost sharing amounts claimed are allowable, reasonable, and allocable to the NSF funded projects. The cost sharing procedures utilized by SDP identified the types of costs that are considered cost sharing. However, the cost amounts included on the cost sharing schedules, in most cases, could not be traced to adequate supporting documentation, nor are procedures performed by SDP to provide assurance that portions of the cost sharing amounts are not already claimed on other federal programs. As a result, the reliability and integrity of amounts SDP claimed on its certified reports to NSF for both awards are questionable and the proportionate share of project costs that SDP agreed to share with NSF may not be met. Therefore, we questioned or identified as "at-risk" \$2,903,996 (62 percent) of the \$4.64 million in total claimed cost sharing. We identified \$798,932 of the cost sharing claimed on Award No. ESR-0085139 as "at-risk" because the award had not ended at the time of our audit and SDP still had time to provide the required cost sharing. Furthermore, at the conclusion of our fieldwork in February 2004, SDP had not submitted the final cost sharing certification for Award No. ESI-9634048, although the award had expired 18 months earlier.

NSF's *Grant Policy Manual* (GPM) Section 333, *NSF Cost Sharing Requirements*, requires a grantee to maintain records of all costs claimed as cost sharing and those records are subject to audit. Those regulations also state that cost sharing expenses must not be included as contributions to any other federal award or funded by any other federal award. Also, OMB Circular A-110, Section 23, Cost Sharing or Matching, states that cost sharing expenses must be verifiable from the recipient's records and be necessary and reasonable for program and efficient accomplishment of project or program objectives and allowable under the applicable cost principles. In addition, the award letter for Award No. NSF ESI-9634048, dated September 6, 1996 stated, "the amount of cost sharing must be documented (on an annual and cumulative basis) and reported to NSF and certified by an authorized institutional representative. These cost sharing reports must be included as part of the annual progress reports and final project reports."

Although SDP's accounting system captures all expenses, it does not separately identify and track those expenses incurred as cost sharing. Instead, SDP officials use a manual system to identify specific cost share amounts for each award. Annually, a spreadsheet is created by SDP to reflect the cost sharing provided for the year. SDP officials stated that cost sharing amounts are extracted from the accounting system and other supporting documentation. However, SDP was unable to provide adequate documentation to support its cost sharing claimed. As such, we were unable to verify that SDP had, in fact, contributed the cost sharing amounts that it claimed.

Specifically, we found that: a) salaries and wages claimed as cost sharing were not always supported by labor effort reports, time sheets, or semi-annual certifications, as applicable, b) classroom support costs claimed were not always supported by "logs or sign-in sheets" as

required by SDP's policies and procedures, c) other costs claimed as cost sharing were not adequately supported by the documentation provided by SDP and d) SDP did not compile or report the final year of cost sharing for Grant No. ESI-9634048. As a result, much of the cost sharing claimed was questioned. Following are detailed summaries of the problems noted:

- a) SDP did not have timesheets or other documentation that adequately supported the percentage of time devoted to the NSF project for salaries that were recorded as cost sharing at less than 100 percent of the employees' annual salary. Also, SDP did not have semi-annual certifications for employees whose salaries were charged at 100 percent to the NSF award as cost sharing. Inadequate time tracking reports for employees working less than 100 percent on the NSF project and a lack of certifications for employees devoting 100 percent of their time to the NSF project has resulted in questioning a total of \$824,340 in salaries and wages and \$176,052 in related fringe benefits claimed as cost sharing.
- b) SDP did not provide the logs or sign-in sheets to support "classroom support" time charged to cost sharing. SDP included as cost sharing "classroom support," time incurred by regular district teachers for meetings and in-service training specific for math and science teachers. According to SDP policy classroom support was to be supported by either "logs" documenting the meeting, purpose, attendees, date and time or "sign-in sheets" documenting the in-service/meeting, attendees, date and time. To determine the cost sharing amount, the SDP calculated the number of math and science teachers attending and the hours for each of the meetings and/or in-services. The annual cumulative hours were converted to full-time teacher equivalent hours and a cost was assigned based on SDP's average annual teacher salary. However, for the cost sharing claimed by SDP, cumulative hours could not be determined or the supporting documents provided indicated fewer hours than SDP claimed. Logs or sign-in sheets did not support the meeting and in-service time reported on summaries provided by SDP. Because of missing or incomplete summaries of "classroom support" time, we questioned \$894,291 of salaries and wages, \$251,637 of fringe benefits and \$32,904 of applicable indirect cost which was included as cost sharing.
- c) SDP provided documentation for other cost sharing activities that did not agree with the cost sharing amounts charged to NSF. For example, cost sharing claimed for a parent guide was shown as \$11,325 but the invoice was for \$550 or \$10,825 more than the invoice cost of guide. In another example, SDP included as cost sharing, the funds it received from a non-profit foundation for the payment of resource teachers. The supporting accounting ledger indicated that the cost sharing reported by SDP exceeded the actual funds provided by the non-profit foundation for these teachers by a total of \$47,950, consisting of salaries and wages of \$41,030 and related fringe benefits of \$6,920.
- d) Our audit disclosed that SDP had not provided the final cost sharing certification for Award No. ESI-9634048 for the final period of the award July 1, 2000 – August 31, 2001. An amendment dated October 1, 2001, extended the award to August 31, 2002. The last cost sharing certification sent to NSF for Award No. ESI-9634048 was dated August 8, 2000 and was for the period October 1, 1999 through June 30, 2000. As of the completion of our audit fieldwork in February 2004, SDP had not compiled or certified the final year of cost sharing for this award or provided the remaining \$665,997 of its cost sharing commitment.

Accordingly, we questioned the \$665,997 of unmet cost sharing. The officials at SDP stated that they are aware of this unmet commitment, but did not provide a reason for not providing the cost sharing or submitting the certification.

As previously mentioned, SDP was not performing steps to ensure that the costs claimed as cost sharing on the NSF awards were not being charged as direct or matching funds for other federal programs. SDP officials informed us, when asked, that there were very few federal awards that required matching funds, and therefore, they were confident that the NSF cost sharing was not being used for matching or direct costs for other federal awards. However, because SDP's cost sharing consisted of the cost of many SDP teachers attending work shops and in-service days, it would be very difficult to assume that the same expenditures for NSF award cost sharing were not being directly funded by other federal awards or being claimed as cost sharing without performing a review of all federal awards. SDP had not performed such a review.

All of these conditions exist because SDP does not have an adequate system to account for cost sharing. Although the same cost sharing issues had been brought to SDP's attention in a previous OIG audit conducted in 1997, SDP failed to address this issue. As a result, a total of \$2,903,996 of cost sharing claimed was questioned or identified as "as-risk" for both grants.

#### **Recommendation No. 2:**

We recommend that NSF's Directors of DIAS and DGA require, for current and future awards, that SDP develop an adequate system for tracking all costs incurred for NSF cost sharing, perform a periodic review to ensure that the cost sharing for the NSF awards is not claimed on other federal grants, and require that SDP compile and certify the remaining cost sharing amount for the final year of Award No. ESI-9634048. SDP should ensure that all costs included in cost share are adequately documented and that cost sharing certifications are submitted to NSF in a timely manner.

#### **Awardee Comments:**

Regarding tracking its cost sharing, the District indicated that it tracks all costs, both NSF funded and cost sharing, in the budgets for which they are incurred. The budget staff and the Developmental staff work together to ensure that funds are not applied to more than one match. The funds that are used as cost share are tracked from reports of the separate budgets in which the cost are incurred.

#### **Auditor's Response:**

The Awardee's comments did not adequately address the finding. Specific information concerning how the NSF cost sharing is separately tracked and the additional supporting documentation was not provided. Therefore, the report findings remain as stated in the draft report.

We considered these internal control weaknesses and non-compliance issues in forming our opinion of whether Schedules A-1 and A-2 are presented fairly in all material respects, in

conformity with National Science Foundation award terms and conditions, and determined that this report does not affect our report dated February 4, 2004 on the Schedules of Award Costs.

This report is intended solely for the information and use of the School District of Pittsburgh's management, the National Science Foundation, the Office of Management and Budget, and the Congress of the United States, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Foxx & Company". The script is cursive and somewhat stylized, with the ampersand being a simple loop.

Foxx & Company  
February 4, 2004

**FINANCIAL SCHEDULES AND  
SUPPLEMENTAL INFORMATION**

**SCHOOL DISTRICT OF PITTSBURGH  
PITTSBURGH, PENNSYLVANIA**

**NATIONAL SCIENCE FOUNDATION AWARD NUMBER ESI-9634048**

**SCHEDULE OF AWARD COSTS**

**For the period September 1, 1996 to August 31, 2002**

**FINAL**

<b>Cost Category</b>	<b>Approved Budget</b>	<b>(A) Claimed Costs</b>	<b>Questioned Costs</b>	<b>Schedule B Note Reference</b>
Direct costs:				
Salaries and wages			\$ 662,732	Note B-1a
Fringe benefits			139,173	Note B-1a
Travel			-	
Participant support costs			-	
Materials and supplies			-	
Publications costs			-	
Consultant costs			-	
Total direct costs	<u>3,361,648</u>	<u>3,361,648</u>	<u>801,905</u>	
Indirect costs (B)	<u>60,276</u>	<u>60,276</u>	<u>11,343</u>	Note B-1b
Total direct and indirect costs	<u>\$ 3,421,924</u>	<u>\$ 3,421,924</u>	<u>\$ 813,248</u>	
Cost sharing	<u>\$ 2,715,944</u>	<u>\$ 2,049,947</u>	<u>\$ 2,105,064</u>	Note B-1c

(A) The total costs claimed agree with the total expenditures reported on the Federal Cash Transactions Report - Federal Share of Net Disbursements as of September 30, 2002. Claimed costs reported above are taken directly from the awardee's books of accounts.

(B) The indirect cost allowance is at a predetermined fixed rate of 2.34 percent, to be applied to a direct cost base, which excludes capital items, sub awards and participant support costs.

**SCHEDULE B-1**

**SCHOOL DISTRICT OF PITTSBURGH  
PITTSBURGH, PENNSYLVANIA**

**NATIONAL SCIENCE FOUNDATION AWARD NUMBER ESI-9634048**

**SCHEDULE OF QUESTIONED COSTS**

**For the period September 1, 1996 to August 31, 2002**

**FINAL**

**Note B-1a Salaries and Wages and Fringe Benefits**

The \$801,904 questioned represents the following:

a.	Missing Semi-annual Certifications	\$4,023
b.	Cost Charged to Wrong Project	196,467
c.	Semi-annual Certifications not completed timely	601,415
	Total	\$801,905

- a. The \$4,023 questioned represents salaries and related fringe benefits for a missing semi-annual certification. SDP could not provide semi-annual certifications for one employee whose salary was charged 100 percent to the NSF award. According to OMB Circular A-87, Attachment B, Section 11.h(3) semi-annual certifications must be completed for individuals working solely on a federal program. As a result, we questioned \$3,325 of salaries and \$698 of related fringe benefits at a rate of 21 percent, calculated as follows:

Employee*	Period	Salary for the Period	Fringe Benefits at 21%
██████	08/01/00-12/31/00	3,325	698
	Total	\$ 3,325	\$ 698

\* The line number refers to the schedule prepared by SDP. The identity of the individual was provided to SDP with the draft report.

- b. The \$196,467 questioned represents \$162,370 of salaries and \$34,097 of related fringe benefits for the amounts charged for five individuals that apparently worked on the other grant, PRIME+. Our tests of semi-annual certification revealed that five semi-annual certifications for the period February 2001 through August 31, 2001 indicated that the employees worked on PRIME+, NSF Award No. ESI-0085139. Because the costs were charged to this project, PRIME, the costs have been questioned.

Following is a calculation of the cost questioned:

Employee*	Salary for the Period	Fringe Benefits at 21%
█	\$ 32,100	\$ 6,741
█	27,640	5,804
█	33,630	7,062
█	33,630	7,062
█	35,370	7,428
Total	\$162,370	\$34,097

\* The line number refers to the schedule prepared by SDP. We have excluded the employees name from the report for privacy purposes. A list of employees corresponding to the line numbers was provided to the awardee with the draft report.

- c. The \$601,415 questioned represents \$497,037 of salaries and \$104,378 of related fringe benefits for employees who signed their certifications six or more months after the certification period. We found that 15 of the 20 (75 percent) employee certifications reviewed by us for the award period were signed six months to over four years after the period being certified. In addition, instead of a 6-month certification we found seven annual certifications were prepared.

(The table below provides the detail, with the “Number of Months” indicating the number of months after the period being certified was signed by the employee.)

Months	Employee	Certification Period	Certification		Salary for The Period	Fringe Benefits (21%)
			Date Signed	Number Months		
6-12	█	07/01/96-12/31/96	█	12	\$ 21,673	\$ 4,551
	█	01/01/97-06/30/97	█	6	36,977	7,765
	█	07/01/96-12/31/96	█	12	14,304	3,004
	█	01/01/97-06/30/97	█	6	24,684	5,184
25-36	█	02/01/01-08/31/01	█	26	32,100	6,741
	█	02/01/01-08/31/01	█	26	27,640	5,804
	█	02/01/01-08/31/01	█	26	33,630	7,062
	█	02/01/01-08/31/01	█	27	35,370	7,428
37-48	█	08/01/99-7/31/00	█	42	47,290	9,931
	█	08/01/99-06/30/00	█	40	66,140	13,890
49-60	█	08/01/98-07/31/99	█	54	45,300	9,513
	█	08/01/98-07/31/99	█	51	51,572	10,830
	█	08/01/98-07/31/99	█	51	64,358	13,515
	█	08/01/98-07/31/99	█	51	59,382	12,470
	█	08/01/98-07/31/99	█	51	65,357	13,724
<b>Total</b>					625,777	131,413
<b>Less amounts questioned twice (see*)</b>					(128,740)	(27,035)
<b>Total questioned</b>					\$ 497,037	\$ 104,378

\* The salaries and wages for these employees for this period are also questioned in (b) above because the certifications indicated they worked on the other grant, PRIME+. Therefore, these amounts have been subtracted from the total questioned costs.

It appears that the majority of the above certifications were signed in anticipation of the audit. We believe that it is unreasonable to believe that individuals can remember what projects worked on six months to four years after-the-fact. Accordingly, we have questioned these costs in accordance with OMB Circular A-87.

**Note B-1b Indirect Costs**

The \$11,346 questioned represents the difference between the indirect costs claimed and the calculated allowable indirect costs. The NSF award included an indirect cost rate of 2.34 percent applied to direct cost less participant support costs. The 2.34 percent rate applied to the direct costs incurred less participant support costs and questioned direct costs, resulted in an allowable indirect cost of \$48,933. Indirect costs claimed by SDP were \$60,276, resulting in a difference of \$11,346 in questioned costs. The \$11,343 questioned was calculated as follows:

Direct Cost Incurred	\$ 3,361,648
Less: Participant support	(468,570)
Less: Questioned cost	<u>(801,905)</u>
Allowable direct costs	2,091,173
Indirect cost rate	<u>2.34%</u>
Acceptable indirect cost	48,933
Amount claimed	<u>60,276</u>
Amount questioned	<u>\$ 11,343</u>

**Note B-1c Cost Sharing**

The \$2,105,064 questioned represents the following:

- a. \$419,114 No time sheets or other supporting documentation for individuals charging less than 100 percent to the NSF funded project
  - b. 182,659 Semi-annual certifications for salaries and wages not provided for one employee
  - c. 804,390 Unsupported classroom time meetings and in-service activities
  - d. 32,904 Indirect costs applicable to questioned cost
  - e. 665,997 Unsupported cost sharing not compiled or certified to NSF as required by award
- \$2,105,064 Total Questioned

- a. The \$419,114 questioned represents \$342,841 of salaries and fringe benefits of \$76,273 which were not adequately supported. We found that SDP did not have timesheets or other supporting documentation that adequately supported the percentage of salaries for employees working less than 100 percent on the NSF. For two employees, SDP claimed that the employees were devoting time to other projects and the employees maintained activity logs. However, SDP was unable to provide a summary that supported the percentage used to allocate the NSF portion. Accordingly, the \$419,114 was questioned as unsupported.
- b. The \$182,659 questioned represents salary costs of \$144,800 and related fringe benefits of \$37,859 for an employee that did not complete semi-annual certifications. SDP did not have semi-annual certifications for one employee whose salary was charged 100 percent to the NSF award for the period 1998 through 2000.
- c. The \$804,390 questioned represents \$629,330 of salaries and \$175,060 of fringe benefits for classroom time reported. SDP could not support the cumulative “classroom time” hours or the supporting documents provided indicated fewer hours than SDP claimed for cost sharing. The questioned costs are based on the unsupported FTE multiplied by the average teacher salary for a teacher in the School District of Pittsburgh. In addition, SDP’s logs and/or sign in sheets did not support meeting and in-service time reported on summaries provided by SDP for classroom support cost sharing claimed, the salaries and related fringe benefits have been questioned as unsupported.
- d. The \$32,904 questioned represents the application of the approved indirect rate of 2.34 percent to the questioned salary and fringe benefit cost as follows:

$$\begin{array}{r}
 \$1,406,163 \\
 \underline{2.34\%} \\
 \underline{\underline{\$ 32,904}}
 \end{array}$$

- e. The \$665,997 represents the cost sharing amount that the awardee was to incur in the final year of the award. At the time of our audit, February 2004, the awardee had neither compiled the cost sharing nor submitted a cost sharing certification for the \$665,997 of cost sharing to NSF. Because the grant period had been completed for over 1.5 years at the time of our audit, we have questioned the \$665,997 as unsupported.

**SCHOOL DISTRICT OF PITTSBURGH  
PITTSBURGH, PENNSYLVANIA**

**NATIONAL SCIENCE FOUNDATION AWARD NUMBER ESR-0085139**

**SCHEDULE OF AWARD COSTS**

**For the interim period September 1, 2000 to September 30, 2003**

**INTERIM**

<b>Cost Category</b>	<b>Approved Budget</b>	<b>(A) Claimed Costs</b>	<b>Questioned Costs</b>	<b>At Risk*</b>	<b>Schedule B Note Reference</b>
Direct costs:					
Salaries and wages			\$ 77,328	-	Note B-2a
Fringe benefits			15,466	-	Note B-2a
Permanent equipment			-	-	
Travel			-	-	
Participant support costs			3,673	-	Note B-2b
Materials and supplies			-	-	
Publications costs			-	-	
Consultant costs			-	-	
Subawards			-	-	
Total direct costs	4,919,855	2,714,025	96,467	-	
Indirect costs (B)	80,145	45,165	-	-	Note B-2c
Total direct and indirect costs	<u>\$ 5,000,000</u>	<u>\$ 2,759,190</u>	<u>\$ 96,467</u>	-	
Cost sharing	<u>\$ 3,165,852</u>	<u>\$ 2,591,574</u>		<u>\$ 798,932</u>	Note B-2d

\* "At-risk" cost sharing is the amount of required cost sharing that had not been achieved at the time of the audit SDP still has time to meet the required cost share before the end of the award period.

(A) The total costs claimed agree with the total expenditures reported on the Federal Cash Transactions Report - Federal Share of Net Disbursements as of September 30, 2003. Claimed costs reported above are taken directly from the awardee's books of accounts.

(B) The indirect cost allowance is at a predetermined fixed rate of 2.22 percent, to be applied to a direct cost base, which excludes capital items, sub awards and participant support costs.

SCHOOL DISTRICT OF PITTSBURGH  
PITTSBURGH, PENNSYLVANIA

NATIONAL SCIENCE FOUNDATION AWARD NUMBER ESR-0085139

SCHEDULE OF QUESTIONED COSTS

For the period September 1, 2000 to September 30, 2003

**Note B-2a Salaries and Wages and Fringe Benefits**

The \$92,794 questioned represents salaries and wages of \$77,328 and related fringe benefits of \$15,466, for five of the eleven certifications that were not completed for six or more months after the certification period. As a result, there was no assurance that salaries and wages were adequately supported by valid documentation. Two of the five certifications were signed over 24 months after the certification period. The table below provides the detail, with the “Number of Months” indicating the number of months after the period that the certification was signed by the employee.

<u>Months</u>	<u>Employee*</u>	<u>Certification Period</u>	<u>Date Signed</u>	<u>No. of Months</u>	<u>Salary for the Period</u>	<u>Fringe Benefits at 20%</u>
6-12	██████	08/01/02-01/31/03	██████	12	\$ 2,260	\$ 452
13-24	██████ ██████	02/01/02-08/31/02	██████	15	22,050	4,410
		08/01/01-01/31/02	██████	22	17,400	3,480
25-36	██████ ██████	02/01/01-8/31/01	██████	27	21,025	4,205
		08/01/00-01/31/01	██████	34	14,593	2,919
<b>Total questioned</b>					<u>\$ 77,328</u>	<u>\$ 15,466</u>

\* The line number refers to a schedule prepared by SDP.

The questioned fringe benefits were calculated using a rate based on the actual fringe benefits claimed by SDP. The calculated rate applied to the NSF award was 20 percent (actual fringe benefits claimed of \$283,254, divided by actual salaries and wages claimed of \$1,457,839). The total questioned salaries and wages of \$77,328 above; multiplied by the 20 percent rate equals the questioned fringe benefits of \$15,466.

## Note B-2b Participant Support

The \$3,673 questioned represents a coding error for substitute teachers. Participant support costs included the cost of two substitute teachers that were not replacing teachers assigned to the NSF award or to activities related to the NSF award. SDP acknowledged that these substitute teachers were incorrectly coded and charged to the NSF award. SDP prepared a journal entry to remove the costs from the NSF award account after our field work.

## Note B-2c Cost Sharing

The \$798,932 of cost sharing “at risk” represents the following:

a.	\$284,829	Semi-annual certifications for one employee not provided
b.	113,790	Supporting documentation did not support hours
c.	341,538	Unsupported meeting and in-service activities
d.	47,950	Unsupported resource teacher salaries
e.	10,825	Unsupported other costs
	<u>\$798,932</u>	Total questioned

- a. The \$284,829 questioned represents unsupported salaries of \$250,499 and related fringe benefits of \$34,330. Our audit revealed that SDP did not have semi-annual certifications for one employee whose salaries were charged 100 percent to the NSF award for the period 2000 through 2004.
- b. The \$113,790 represents \$86,200 of salary and \$27,590 of related fringe benefits for unsupported labor hours claimed as cost sharing. SDP could not support the cumulative hours or the supporting documents provided indicated fewer hours than SDP claimed for cost sharing.
- c. The \$341,538 questioned represents salary costs of \$264,961 and related fringe benefits of \$76,577 for classroom support and in-service time. We found that SDP’s logs or sign-in sheets did not support meeting and in-service time reported on summaries provided by SDP for classroom support cost sharing claimed.
- d. The \$47,950 represents \$41,030 of salaries for resource teachers and \$6,920 of related fringe benefits for the difference between SDP’s claimed salaries for resource teachers and actual expenditures for resource teachers SDP claimed \$757,387 for resource teachers. However, the actual expenditures for resource teachers was \$716,357. The difference of \$41,030 is questioned.
- e. The \$10,825 questioned represents the difference between the actual cost of \$550 supported by an invoice for the development of interactive parent documents, and the amount claimed by SDP for cost sharing of \$11,375.

Because the award had not been completed at the time of our field work, the \$798,932 of claimed cost share is considered “at risk”. The awardee has time to either resolve the above cost sharing issues, or provide other cost sharing to satisfy the award requirements.

**SCHEDULE C-1**

**SCHOOL DISTRICT OF PITTSBURGH  
PITTSBURGH, PENNSYLVANIA**

**NATIONAL SCIENCE FOUNDATION AWARD NUMBERS  
ESI-9634048 AND ESR-0085139**

**SUMMARY OF SCHEDULES OF AWARDS AUDITED AND AUDIT RESULTS**

**For the period September 1, 2000 to September 30, 2003**

**Summary of Awards Audited**

<b>Award Number</b>	<b>Award Period</b>	<b>Audit Period</b>
ESI-9634048	09/01/96 – 08/31/02	09/01/96 – 08/31/02
ESR-0085139	09/01/00 – 08/31/05	09/01/00 – 09/30/03

<b>Award Number</b>	<b>Type of Award</b>	<b>Award Description</b>
ESI-9634048	Grant	Pittsburgh Reform in Mathematics Education : PRIME
ESR-0085139	Cooperative Agreement	PRIME Plus : The Pittsburgh Urban Systemic Project

**Summary of Questioned and Unresolved Costs by Award**

<b>NSF Award Number</b>	<b>Award Budget</b>	<b>Claimed Costs</b>	<b>Questioned Costs</b>
ESI-9634048	\$ 3,421,924	\$ 3,421,924	\$ 813,248
ESR-0085139	5,000,000	2,759,190	96,467
Total	\$ 8,421,924	\$ 6,181,114	\$ 909,715

### Summary of Questioned Cost by Explanation

<b>Condition</b>	<b>Questioned &amp; “at risk” Cost Amount</b>	<b>Internal Control Weaknesses</b>	<b>Non-Compliance</b>
Unsupported Salaries – no certifications	\$ 3,325	Yes	Yes
Unsupported Salaries – do not agree with certification	162,370	Yes	Yes
Unsupported Salaries – certification signed late	574,365	Yes	Yes
Fringe Benefits Applicable to Questioned Salaries	154,639	Yes	Yes
Participant Support Coding Error	3,673	Yes	Yes
Indirect Costs in Excess of Allowable	11,343	Yes	Yes
Inadequate Support for Cost Sharing	1,770,486	Yes	Yes
Fringe Benefits Related to Cost Sharing	434,609	Yes	Yes
Cost Sharing Certification Not Submitted	665,997	No	Yes
Indirect Costs Applicable to Questioned Cost sharing	32,904	No	Yes
<b>Total Questioned and “at risk” Costs</b>	<b>\$ 3,813,711</b>		

### Summary of Internal Control Weaknesses and Non-Compliance Issues

<b>Condition</b>	<b>Non-Compliance or Internal Control</b>	<b>Material Weakness, Reportable Condition or Other Matter</b>
Inadequate Monitoring of Semi-annual Certification Process	Non-Compliance and Internal Control	Material Weakness
Inadequate System for Accounting for Cost Sharing and Cost Sharing Certification Not Submitted	Non-Compliance and Internal Control	Material Weakness

**School District of Pittsburgh**  
**Notes to Financial Schedules**

September 1, 1996 to September 30, 2003

**Note 1: Summary of Significant Accounting Policies**

Accounting Basis

The accompanying financial schedules have been prepared in conformity with National Science Foundation (NSF) instructions. Schedules A-1 and A-2 have been prepared from the reports submitted to NSF and information obtained from the accounting records maintained for the grant award by SDP. The basis of accounting utilized in preparation of these reports differs from generally accepted accounting principles. The following information summarizes these differences:

A. Equity

Under the terms of the award, all funds not expended according to the award agreement and budget at the end of the award period are to be returned to NSF. Therefore, the awardee does not maintain any equity in the award and any excess cash received from NSF over final expenditures is due back to NSF.

B. Equipment

Equipment is charged to expense in the period during which it is purchased instead of being recognized as an asset and depreciated over its useful life. As a result, the expenses reflected in the statement of award costs include the cost of equipment purchased during the period rather than a provision for depreciation.

Except for awards with nonstandard terms and conditions, title to equipment under NSF awards vests in the recipient, for use in the project or program for which it was acquired, as long as it is needed. The recipient may not encumber the property without approval of the federal awarding agency, but may use the equipment for its other federally sponsored activities, when it is no longer needed for the original project.

C. Inventory

Minor materials and supplies are charged to expense during the period of purchase. As a result, no inventory is recognized for these items in the financial schedules.

D. Federal Income Tax

SDP has no Federal income tax liability.

**School District of Pittsburgh  
Notes to Financial Schedules**

September 1, 1996 to September 30, 2003

**Note 2: NSF Cost Sharing and Matching**

The following represents the cost share requirements and actual cost share as of September 30, 2003:

<u>Award Number</u>	<u>Cost Share Required</u>	<u>Actual Cost Share Claimed</u>	<u>Unsupported Cost Share</u>	<u>Actual Supported Cost Share</u>	<u>Actual Cost Share Over/(Under) Required</u>
ESI-9634048	\$ 2,715,944	\$ 2,049,947	\$ 2,105,064	\$ 610,880	\$ (2,105,064)
ESR-0085139	<u>3,165,852</u>	<u>2,591,574</u>	<u>798,932</u>	<u>1,792,642</u>	<u>(1,373,210)</u>
<b>Total</b>	<u>\$ 5,881,796</u>	<u>\$ 4,641,521</u>	<u>\$ 2,903,996</u>	<u>\$ 2,403,522</u>	<u>\$ (3,478,274)</u>

See Finding and Recommendation No. 2 on Financial Management in the *Independent Auditor's Report on Compliance with Laws and Regulations and Internal Controls*.

**Note 3: Indirect Cost Rates**

<b>Award Number</b>	<b>Indirect Cost Rate</b>	<b>Base</b>
ESI-9634048	2.34%	Direct costs less capital items, sub awards and participant support
ESR-0085139	2.22%	Direct costs less capital items, sub awards and participant support

**APPENDIX A**

**AWARDEE'S COMMENTS TO REPORT**

**Summary of Awardee's Interim Response and Auditor's Comments to Audit Results**

The awardee provided the following information after the conclusion of the fieldwork in a letter dated April 13, 2004:

- a. Two annual time certifications for one of the two individuals that did not have support for the time charged to the NSF award were provided. (The time certifications were completed 40 and 50 months, respectively, after the certification period.) SDP stated that the other individual was not employed by SDF during the time period, even though she received a final check in September 2000 for prior work.
- b. SDP stated that the five individuals that had time certifications that showed they had worked on Award No. ESR-0085139 (PRIME +) actually worked on Award No. 9634048 (PRIME). Because PRIME + was really a continuation of PRIME and the awards overlapped, the work was really the same. SDP stated that their error was understandable and that there was documentation in their offices that supported that these five individuals worked on PRIME and that the time recorded in the accounting records for the Prime award was correct.
- c. SDP stated that it had documentation in their offices that supported that the individuals that had completed the time charges in an untimely manner had actually worked on the NSF funded projects. SDP also stated that this problem had been corrected with the new NSF award (Prime Plus) and the time certifications were now timely.
- d. SDP acknowledged that the two substitute teachers should not be charged to participant support.
- e. SDP provided documentation supporting the consultant costs questioned at the end of fieldwork.
- f. SDP stated that most of the questioned cost share related to the first two years of Award No. ESI-9634048. The records for these years were not very good. SDP stated that it is addressing some of these issues in the final wrap up of Award No. ESI-963048. Costs that can't be supported will not be included in the final cost share for this award.

**Action Taken on Awardee's Information Provided after Fieldwork**

With the exception of the consultant costs questioned in the exit conference, we have not revised the questioned costs based on SDP's submission of additional information. We have accepted the consultant costs. Because the two time certifications submitted for one individual that lacked time certifications during the audit were prepared in an untimely manner, the costs remain questioned as being certified untimely. The questioned personnel costs which lacked timely certifications or charges to the incorrect award have remained questioned in the draft report because the awardee did not provide documentation supporting that these personnel worked on the respective NSF funded projects. In addition, because documentation supporting the

unsupported cost sharing was not provided it remained questioned. Also, no mention was made of the final certification of cost sharing for Award No. ESI-9634048. Accordingly, the draft report will contain the questioned costs discussed at the exit conference with the exception of the consultant costs.



[Redacted]

**Pittsburgh Public Schools**  
*PRIME-PLUS: Pittsburgh Reform in  
Mathematics Education and in Programs  
for Learning and Understanding Science*  
341 S. Bellefield Avenue, Room 232  
Pittsburgh, PA 15213

April 13, 2004

[Redacted]

Foxx & Company  
700 Goodall Complex  
324 West Ninth Street  
Cincinnati, OH 45202-1908

Dear [Redacted],

Please find enclosed documents from the School District of Pittsburgh related to the Summary of Audit Results for the National Science Foundation awards ESI-9634048 and ESI-0085139.

These documents include a response from the District for each of the Audit Results. For clarification purposes, these responses have been enclosed within text boxes. Documents that are mentioned in the responses are attached

Please contact me if you have additional questions or need more information. I can be reached at

[Redacted]

Sincerely,

[Redacted]

School District of Pittsburgh

cc: [Redacted]

**National Science Foundation**  
**Awardee: School District of Pittsburgh (SDP)**  
**Award(s): ESI-9634048 and ESI-0085139**  
**Summary of Audit Results**

School District of Pittsburgh -- Response to Summary of Audit Results

**1. Certifications for teachers working on the NSF award projects (PRIME and PRIME Plus) were not always provided, contained in incorrect data, or were not signed timely.**

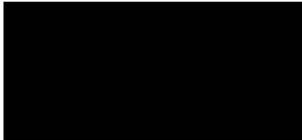
A. Certifications were not provided for the following individuals assigned to the PRIME award (ESI-9634048):

- [REDACTED] for the period(s) August 1998 through June 2000.
- [REDACTED] for the period August 2000 through December 2000.

Total potentially questioned unsupported Salaries and Wages for award ESI-0085139 = \$134,823.

A. Certifications for [REDACTED] for the above time period are currently on file in the project office. Copies of these certifications are attached to this document.  
[REDACTED] was not employed by the district during the above time period. ([REDACTED] was not paid in August, and one check issued in September 2000 was a final check for prior services – no other payments were paid during the above time frame.)

B. Certifications provided identified the award as ESR-0085139 (PRIME Plus); however, the salaries and wagers were charged to award ESI-9634048 (PRIME) PRIME award (ESI-9634048) during the period 2/1/01-8/31/01. Employees tested with the incorrect data on the certification are as follows:



Total potentially questioned unsupported/non allocable Salaries and Wages for award ESI-0085139 = \$162,370.

B. The final year of the PRIME fund overlapped with the first year of the PRIME-PLUS fund (the 2000-2001 school year). The PRIME project was designed to provide systemic support to K-12 mathematics teachers in the district. The PRIME-PLUS program was designed to continue providing this same systemic support and to bring these efforts to scale for all of the schools in the district and for all of the K-12 mathematics teachers, while also adding support for K-12 science teachers. The staff listed above provided this support to the K-12 mathematics teachers during the above time frame. Because PRIME-PLUS was used within the district as a name for the K-12 mathematics staff development program, all of the staff were internally identified as PRIME-PLUS resource teachers – whether they were currently charged to the funds remaining in PRIME, or the new funds available from PRIME-PLUS. Because of this, the above staff signed the certifications that they were providing PRIME-PLUS support even though they were actually charged to the PRIME fund, because the PRIME and PRIME-PLUS support activities were identical. We now realize that they should have signed a PRIME certification. All of the staff listed above are still mathematics Resource Teachers on staff and would be able to verify this, or submit revised certifications if this is requested. In addition, the above staff as well as the staff charged to the PRIME-PLUS fund completed logs of their activities. These logs are on file in the project office and could show that the goals and activities of these two projects are the same.

**National Science Foundation**  
**Awardee: School District of Pittsburgh (SDP)**  
**Award(s): ESI-9634048 and ESI-0085139**  
**Summary of Audit Results**

School District of Pittsburgh -- Response to Summary of Audit Results

- C. Eighteen (18) certifications provided were signed six or more months after the certification period. Of these eighteen the certification was dated 27 months (over two years) after the certification period and three were signed more than 50 months (four years later).

Total potentially questioned unreasonable/unsupported Salaries and Wages for award ESI-0085139 = \$494,279

Total potentially questioned unreasonable/unsupported Salaries and Wages for award ESR-0085139 = \$77,328

It appears that there is an internal control weakness pertaining to the certification process at the SDP.

C. The program office acknowledges that there had been an internal weakness pertaining to the certification process, especially for the PRIME grant. However, these internal controls have been addressed in the PRIME-PLUS grant and certifications are now completed in a timely fashion. To confirm the job duties of the staff members cited above, during the time periods when staff were charged to the PRIME and PRIME-PLUS funds, their job titles (e.g., PRIME Resource Teacher, PRIME-PLUS Resource Teacher, etc.) directly reflected the fact that they were working full time in project related capacities. Job postings for these positions, which are on file in the program office, describe the responsibilities of these staff members as full time positions with all job responsibilities directly connected to these funds. Also, the certifications that were signed late were primarily for PRIME staff, and beginning with the 1998-99 school year, PRIME and PRIME-PLUS staff have maintained daily logs that could be used to validate that the employees were working full time in support of the project goals.

2. Fringe benefits allocable to the questioned salaries and wages will be reported as questioned costs. The fringes questioned are likely to be calculated based on the calculated rate applied to the awards. For ESI-9634048 (PRIME) the claimed rate appears to be 21% (salaries & wages claimed of \$1,181,991 divided by fringe benefits claimed of \$232,974). For ESR-0085139 (PRIME Plus) the claimed rate appears to be 20% (salaries & wages claimed of \$2,082,341 divided by fringe benefits claimed of \$443,780).

Total potentially questioned Fringe Benefits for award ESI-0085139 = \$139,175

Total potentially questioned Fringe Benefits for award ESR-0085139 = \$15,466

2. The questioned staff fringe benefits cited above are connected to the staff salaries cited in items 1A, 1B, and 1C. The same response given for the salary findings apply to the benefit findings.

3. Participant support costs of \$3,673 for award ESR-0085139 (PRIME Plus) for two substitute teachers will be reported as questioned costs. As the SDP has acknowledged that these substitute teachers should not have been included in the award expenditures and a journal entry to correct this error, this item is likely to be reported as a resolved issue.

This issue has been addressed.

**National Science Foundation**  
**Awardee: School District of Pittsburgh (SDP)**  
**Award(s): ESI-9634048 and ESI-0085139**  
**Summary of Audit Results**

School District of Pittsburgh -- Response to Summary of Audit Results

4. Consultant costs for consultants paid in excess of the NSF daily rate are unallowable costs that will be questioned.

A. For award ESI-0085139 three consults were paid \$500, when the allowable NSF rate for the period was \$453. These consultants and the amounts paid are as follows:

[REDACTED]

Total potentially questioned unallowable Consulting costs for award ESI-9634048 = \$141

A. The \$500 stipends above included 1 day of preparation time, 1 day of consulting time, as well as costs for expenses incurred in preparing materials for distribution to participants at a middle and high school mathematics teacher inservice presented on October 27, 1999.

B. For award ESI-0085139 three consults were paid amounts in excess of the allowable NSF rate; however, these payments were to included other expenses, but the invoice provided by the consultant/vendor did not provide a breakout to support the breakout e consulting fee and the other expenses. The difference between the allowable NSF rate and the amount paid by the SDP are questioned. These consultants and the amounts paid are as follows:

[REDACTED]

Total potentially questioned unallowable Consulting costs for award ESI-0085139 = \$3,522.

B. [REDACTED] - a breakdown of expenses was submitted. It identifies a per diem rate of \$114, as well as expenses for transportation, lodging, and materials. See the attachment.

[REDACTED] - a breakdown of expenses was not available, but a representative from [REDACTED] sent email that stated that the invoice of "\$1500 offsets the consulting fees for [REDACTED] plus [REDACTED] travel and expenses and the refurbishment set(s) shipped to the school after the in-service." This email is attached.

[REDACTED] - this invoice also includes travel costs from Wyomissing Hills, PA, and the costs of extensive set of binder materials that were distributed to the workshop participants. The consultant has been contacted and information to support this has been requested.

Although the consulting fees for these consultants did not exceed the NSF daily consultant limit, the project office acknowledges that these consultants should have been required to submit invoices that detailed all expenses. This policy will be enforced in future consultant activities.

**National Science Foundation**  
**Awardee: School District of Pittsburgh (SDP)**  
**Award(s): ESI-9634048 and ESI-0085139**  
**Summary of Audit Results**

School District of Pittsburgh -- Response to Summary of Audit Results

5. Indirect cost allocable to the questioned direct costs will be reported as questioned costs.

Total potentially questioned indirect costs for award ESI-0085139 = \$11,346  
Total potentially questioned Fringe Benefits for award ESR-0085139 = \$1,888

These indirect costs that are related to the direct costs described in items 1 through 4.

6. Support for some of the cost sharing was not provided (sign-in sheets to support in-service and training sessions). Also logs for some of in-class time could not be provided. The procedures and wrap-up of this area is in process. It appears that internal control/compliance issues are likely and there may be some unsupported dollars.

These cost sharing issues are primarily related to the PRIME grant, especially around activities that were documented in 1996 and 1997. We are addressing these cost share issues in our final wrap-up of PRIME activities. Cost share for inservices and training sessions will only be included if the sign-in sheets are available. Teachers did not keep extensive daily logs during the first 2 years of PRIME, although they did provide the project office with a listing of teachers and schools they serviced. Again, information that does not have background documentation will not be included in the final cost share statement.



Pittsburgh Public Schools  
341 South Bellefield Avenue  
Pittsburgh, PA 15213-3516

[Redacted]

[Redacted]

April 1, 2005

[Redacted]

Foxx & Company, Certified Public Accountants  
700 Goodall Complex  
324 West Ninth Street  
Cincinnati, OH 45202-1908

[Redacted]

Thank you for speaking with me on March 29<sup>th</sup> about your firm's discussion draft audit report of National Science Foundation (NSF) Award Nos. ESI-9634048 and ESR-0085139, dated February 25, 2005.

As we discussed, I feel that additional field work or interviews and correspondence can remove the most serious recommendation that the Pittsburgh School District be recognized by NSF as a high risk awardee. The short time-frame of the field work that was conducted in November 2003 may have led, understandably, to the seriousness of the recommendations in your report.

[Redacted] and I would appreciate the opportunity to speak to you or a representative of your firm to share additional information prior to your preparation of the final report.

For example, on the point of certifications, the District instituted a system-wide time and effort certification policy at the beginning of the 2004-05 school year that collects and reviews monthly and/or semi-annual certifications for all employees related to Federally-funded programs. For the employees working with the NSF grants in question, the program office maintained certifications and the District has no doubt that those employees are sure of what work they were performing during their time on the grant(s), since that was their total professional effort, even if the certifications were not signed on as timely a basis as they could have been.

On the point of cost share accumulation, the District tracks all costs in the budgets for which they are properly incurred. As your staff was informed, the Budget staff and the Development staff work together to ensure that funds are not applied to more than one match. The funds that are used as cost share are tracked from reports of the separate budgets in which they are incurred.

I look forward to hearing from you soon to discuss your preferred method of obtaining additional information for your report. Please contact me at your convenience at [Redacted] or [Redacted].

Sincerely,

[Redacted signature block]

We are an equal right and opportunity school district.

**HOW TO CONTACT  
THE OFFICE OF INSPECTOR GENERAL**

**Internet**

[www.oig.nsf.gov](http://www.oig.nsf.gov)

**Email Hotline**

[oig@nsf.gov](mailto:oig@nsf.gov)

**Telephone**

703-292-9158

**Toll-Free Anonymous Hotline**

1-800-428-2189

**Fax**

703-292-9158

**Mail**

Office of Inspector General  
National Science Foundation  
4201 Wilson Blvd., Suite 1135  
Arlington, VA 22230