

NATIONAL SCIENCE FOUNDATION  
4201 Wilson Boulevard  
ARLINGTON, VIRGINIA 22230



OFFICE OF  
INSPECTOR GENERAL

MEMORANDUM

**DATE:** MAR 16 2006

**TO:** Bradley Poston, Interim Director  
Division of Acquisition and Cooperative Support

**FROM:** *Deborah H. Cureton*  
Deborah H. Cureton  
Associate Inspector General for Audit

**SUBJECT:** NSF OIG Audit Report No. OIG-06-1-002,  
University of Miami Rosenstiel School

In response to your request for an audit of the University of the Miami Rosenstiel School's (UMRS) Fiscal Years (FY) 2000-2004 incurred cost proposal submission claimed under NSF Contract No. OPP-9909307, we contracted with the Defense Contract Audit Agency (DCAA), Tampa Bay Branch Office to perform an audit 1) to determine allowability, allocability and reasonableness of costs incurred and 2) to ensure that costs claimed were in accordance with the contract terms and applicable government acquisition regulations. DCAA also verified that UMRS is accounting for property acquired under the NSF contract in accordance with the terms and conditions of the contract. The completed DCAA Audit Report dated November 21, 2005 is included as an Attachment to this letter. Our contract with DCAA required that the audit be performed in accordance with Generally Accepted Government Auditing Standards.

The audit report disclosed that the costs claimed under the contract, totaling \$3,049,007, are considered allowable, allocable, and reasonable for all direct and indirect costs in accordance with the contract terms and applicable government acquisition regulations.

DCAA also verified that UMRS is accounting for property acquired under the NSF contract in accordance with the terms and conditions of the contract. The Statement of Claimed Costs under the contract and the results of the audit are presented by contract year to facilitate your use for contract closeout purposes.

## OIG Oversight of Audit

To fulfill our responsibilities under Government Auditing Standards, the Office of Inspector General:

- Reviewed DCAA's approach and planning of the audit;
- Monitored the progress of the audit at key points;
- Coordinated periodic meetings with DCAA and OIG management to discuss audit progress, findings, and recommendations;
- Reviewed the audit report, prepared by DCAA to ensure compliance with Government Auditing Standards and Office of Management and Budget Circulars; and
- Coordinated issuance of the audit report.

DCAA is responsible for the attached auditor's report on UMRS and the conclusions expressed in the report. The NSF OIG does not express any opinion on the conclusions presented in DCAA's audit report.

We thank you and your staff for the assistance that was extended to us during the audit. If you have any questions about the attached report, please contact Ken Stagner at (303) 312-7655 or Jannifer Jenkins at (703) 292-4996.

Attachment

cc: Patrick Smith, OPP



**DEFENSE CONTRACT AUDIT AGENCY**  
**AUDIT REPORT NO. 1271- 2005L17900014**



November 21, 2005

**PREPARED FOR:** National Science Foundation  
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Associate Inspector General for Audit  
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**SUBJECT:** NSF Contract No. OPP-9909307

**REFERENCES:** DCAA Chron. No.: 6-8004  
DCMAE-SOTC Case No. 312-5-E06-0014  
Relevant Dates: (See Page5)

**CONTRACTOR:** University of Miami Rosenstiel School  
4201 Wilson Blvd.  
Arlington, VA 22230

**REPORT RELEASE RESTRICTIONS:** See Page 6

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## **SUBJECT OF AUDIT**

As requested by the National Science Foundation (NSF) on September 8, 2005, we examined costs incurred by the University of Miami Rosenstiel School under NSF Contract No. OPP-9909307. The purpose of the examination was to determine allowability, allocability, and reasonableness of costs incurred and to ensure that costs were in accordance with the contract terms and applicable government acquisition regulations. The period of contract performance was June 1, 1999 thru May 31, 2004. We were also requested to verify that University of Miami Rosenstiel School is accounting for property acquired under the NSF contract in accordance with the term and conditions of the contract.

The costs claimed on NSF Contract No. OPP-9909307 and related supporting data are the responsibility of the University of Miami Rosenstiel School. Our responsibility is to express an opinion on the acceptability of the costs claimed under NSF Contract No. OPP-9909307 based on our examination.

## **SCOPE OF AUDIT**

We conducted our examination in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the data and records examined are free of material misstatement. An examination includes:

- obtaining an understanding of internal control for accumulating costs under prospective Government contracts;
- examining, on a test basis, evidence supporting the amounts and disclosures in the data and records evaluated;
- assessing the accounting principles used and significant estimates made by the contractor; and
- evaluating the overall data and records presentation.

We evaluated the cost incurred using the applicable requirements contained in the:

- OMB Circular A-122, "Cost Principles for Non-Profit Organizations";
- Federal Acquisition Regulation (FAR); and
- Specific contract provisions contained in NSF Contract No. OPP-9909307.

The University of Miami Rosenstiel School claims exemption under 48 CFR 9903.201-1(b)(7) from the practices required by the Cost Accounting Standards Board because coverage threshold is not met.

Our assessment of control risk reflects that we have not specifically examined the University of Miami Rosenstiel's accounting system and its related internal controls. Refer to the Contractor Organization and System section of this report for further details. The scope of

**Audit Report No. 1271-2005L17900014**

our examination reflects our assessment of control risk and includes tests of compliance with applicable laws and regulations that we believe provide a reasonable basis for our opinion.

**RESULTS OF AUDIT**

In our opinion, final invoice No. 53 issued under NSF Contract No. OPP-9909307, is acceptable for processing by your office. The costs claimed are considered allowable, allocable, and reasonable for all direct and indirect costs in accordance with the contract terms and applicable government acquisition regulations, and are therefore reimbursable. At your request, we examined the direct costs and applied the contractor's predetermined indirect cost rates for each of the years audited. We also verified that the University of Miami Rosenstiel School is accounting for property acquired under the NSF contract in accordance with the terms and conditions of the contract.

The submission is the responsibility of the University of Miami Rosenstiel School. Our responsibility is to express an opinion on the submission based on our examination.

Per your request, we have presented below the claimed cost by contract performance periods to facilitate closeout procedures by the Contracting Officer.

**EXHIBIT**

**STATEMENT OF CLAIMED COST UNDER NSF CONTRACT NO. OPP-9909307  
AND RESULTS OF AUDIT**

	<b>TOTAL</b>	<b>FY 2000/ YR 1</b>	<b>FY 2001/ YR 2</b>	<b>FY 2002/ YR 3</b>	<b>FY 2003/ YR 4</b>	<b>FY 2004/ YR 5</b>
Salaries						
Fringe Benefits						
Other						
Consultant Fees						
Supplies						
Travel						
Physical Plant						
Equipment						
Overhead						
Total Cost Claimed	<u>\$3,049,007</u>	<u>\$ 451,964</u>	<u>\$ 688,465</u>	<u>\$ 830,187</u>	<u>\$ 556,737</u>	<u>\$ 521,654</u>

Explanatory Note - Claimed Costs

- a. Summary of Conclusions:

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We take no exception to costs claimed under NSF Contract No. OPP-9909307.

b. Basis of Claimed Costs:

The direct costs claimed are based on actual direct costs incurred on the contract. The indirect costs claimed are based on predetermined rates established in the contract.

c. Audit Evaluation:

We tested the direct costs claimed for allocability, allowability, and accordance with contract terms. We assured that the indirect costs did not exceed predetermined rates established in the contract.

d. Contractor's Reaction:

The contractor concurred.

We also noted that the University of Miami Rosenstiel School is accounting for property acquired under the NSF contract in accordance with the terms and conditions of the contract.

We discussed the results of this examination with [REDACTED], the University of Miami Rosenstiel School representative, in an exit conference held on November 9, 2005. The contractor's representative agrees with our audit results.

**CONTRACTOR ORGANIZATION AND SYSTEMS**

1. Organization

The University of Miami was founded in 1925. The Rosenstiel School became part of the University of Miami in 1940, located in Miami on Virginia Key. At present, there are 102 full-time and 9 part-time employees. Sales for fiscal year ended December 31, 2004 were approximately \$3.5 million, the majority of sales were firm fixed price or to commercial customers.

2. Accounting System

The University of Miami Rosenstiel School's accounting period is from June 1 to May 31. The University of Miami is audited under the Single Audit Reports in Accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General of the State of Florida. Their independent auditors are KPMG LLP of Miami, Florida.

The University of Miami Rosenstiel School maintains an accounting system on a cash basis. Its accounting system is posted on a current basis. Appropriate adjusting entries are made at the end of each month and at year end. The University of Miami Rosenstiel School is part of the consolidated financial statements audited annually by KPMG. We have not performed an examination of the University of Miami Rosenstiel School's accounting system and related internal control policies and procedures; therefore, we cannot issue an opinion on the adequacy of the system as a whole.

**DCAA PERSONNEL**

Telephone No.

Primary contacts regarding this audit:

[REDACTED]

[REDACTED]

Other contacts regarding this audit report:

[REDACTED]

[REDACTED]

FAX No.

[REDACTED]

[REDACTED]

E-mail Address

[REDACTED]

[REDACTED]

General information on audit matters is available at <http://www.dcaa.mil>.

**RELEVANT DATES**

Request for Audit: Letter dated September 1, 2005; received September 8, 2005  
Due Date Extension: Requested November 15, 2005; extended to November 18, 2005  
Requested November 18, 2005; extended to November 21, 2005

**AUDIT REPORT AUTHORIZED BY:**

[REDACTED]

[REDACTED]

**AUDIT REPORT DISTRIBUTION AND RESTRICTIONS**

DISTRIBUTION

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(Copy furnished thru NSF-IOG)

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**RESTRICTIONS**

1. Information contained in this audit report may be proprietary. It is not practical to identify during the conduct of the audit those elements of the data which are proprietary. Make proprietary determinations in the event of an external request for access. Consider the restrictions of 18 U.S.C. 1905 before releasing this information to the public.
2. Under the provisions of Title 32, Code of Federal Regulations, Part 290.7(b), DCAA will refer any Freedom of Information Act request for audit reports received to the cognizant contracting agency for determination as to releasability and a direct response to the requestor.
3. Do not use the information contained in this audit report for purposes other than action on the subject of this audit without first discussing its applicability with the auditor.