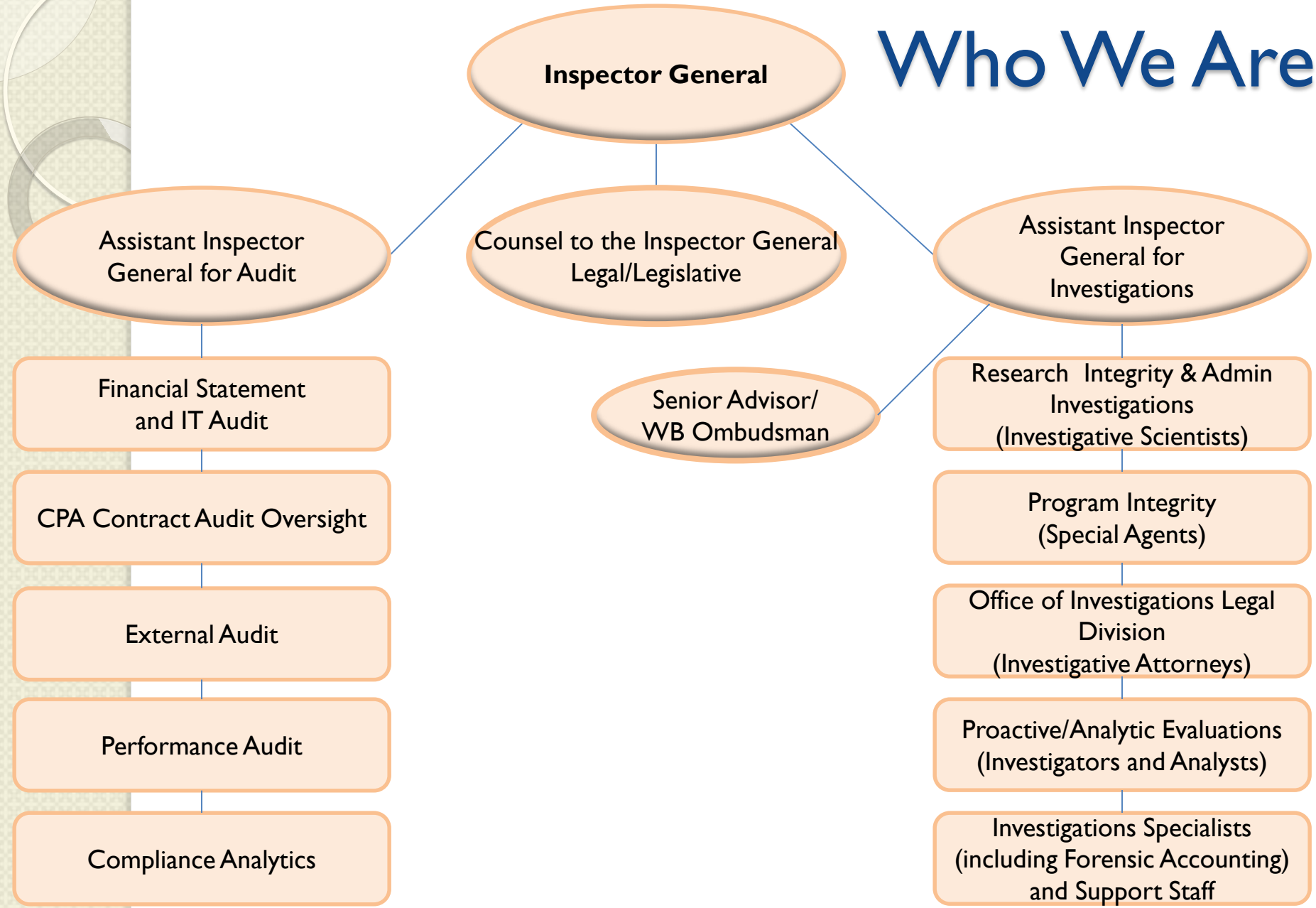
Office of Inspector General

NSF Grants Conference

Nov 3, 2015

Jim Kroll, PhD
Director of Research Integrity and Administrative Investigations
Office of Inspector General
National Science Foundation

Who We Are


Inspector General
Assistant Inspector General for Audit
Counsel to the Inspector General Legal/Legislative
Assistant Inspector General for Investigations
Financial Statement and IT Audit
CPA Contract Audit Oversight
External Audit
Performance Audit
Compliance Analytics
Senior Advisor/ WB Ombudsman
Research Integrity & Admin Investigations (Investigative Scientists)
Program Integrity (Special Agents)
Office of Investigations Legal Division (Investigative Attorneys)
Proactive/Analytic Evaluations (Investigators and Analysts)
Investigations Specialists (including Forensic Accounting) and Support Staff

What We Do

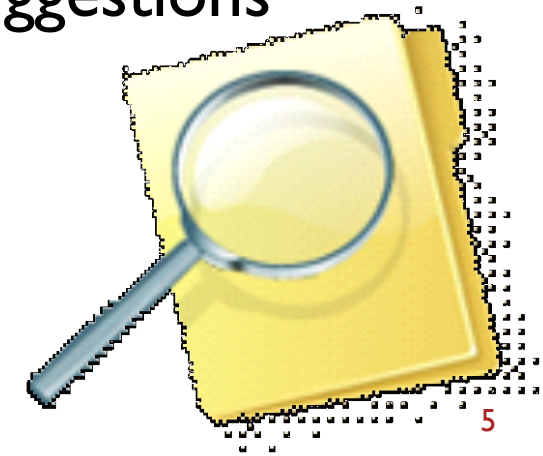
- Office of Audit
  - We conduct internal/external audits:
    - Financial
    - Performance
- Office of Investigations
  - We investigate allegations of:
    - Fraud, waste, and abuse
    - Research misconduct
    - Violations of law, regulation, directive, or policy
- Outreach
  - We invest in outreach:
    - Presentations
    - Briefings
    - Publications and Brochures
      - www.nsf.gov/oig/outreach_all.jsp

Office of Audit

- Audit NSF-funded grants, contracts, and cooperative agreements
- Determine if claimed costs are allowable, reasonable and allocated properly
- Oversee annual NSF financial statement audit
- Promote economy/efficiency in NSF financial, administrative, and programmatic operations

Development of Audit Workplan

- Work Required by Law
  - Agency Financial Statement Audit (CFO Act)
  - Federal Information Security Management Act (FISMA)
  - Improper Payment Elimination and Recovery Act (IPERA)
  - American Recovery and Reinvestment Act (ARRA)
- Congressional Requests
- Referrals from Investigations
- National Science Board and NSF Suggestions
- OIG Risk-based Assessments
  - NSF Management Challenges
  - Continuous Monitoring



Award Administration

Grant Recipient Responsibilities

We Look At

- Financial management system and expenditures
- Accuracy and timelines of reporting, notifications
- Participant support, sub-award monitoring
- Effort reporting

Common Findings

- No approvals, no procedures for determining allowable costs
- Effort reporting not timely, not approved by appropriate official
- Budget not compared to actual expenditures
- Participant support reallocated without prior NSF approval
- Inadequate sub-award monitoring

OMB Circulars A-110, A-133

Cost Compliance

Costs must be allowable, reasonable, allocable, documented, and consistent in treatment

We Look At

All costs claimed on NSF awards. We use data analytics to identify risk areas.

Common Findings

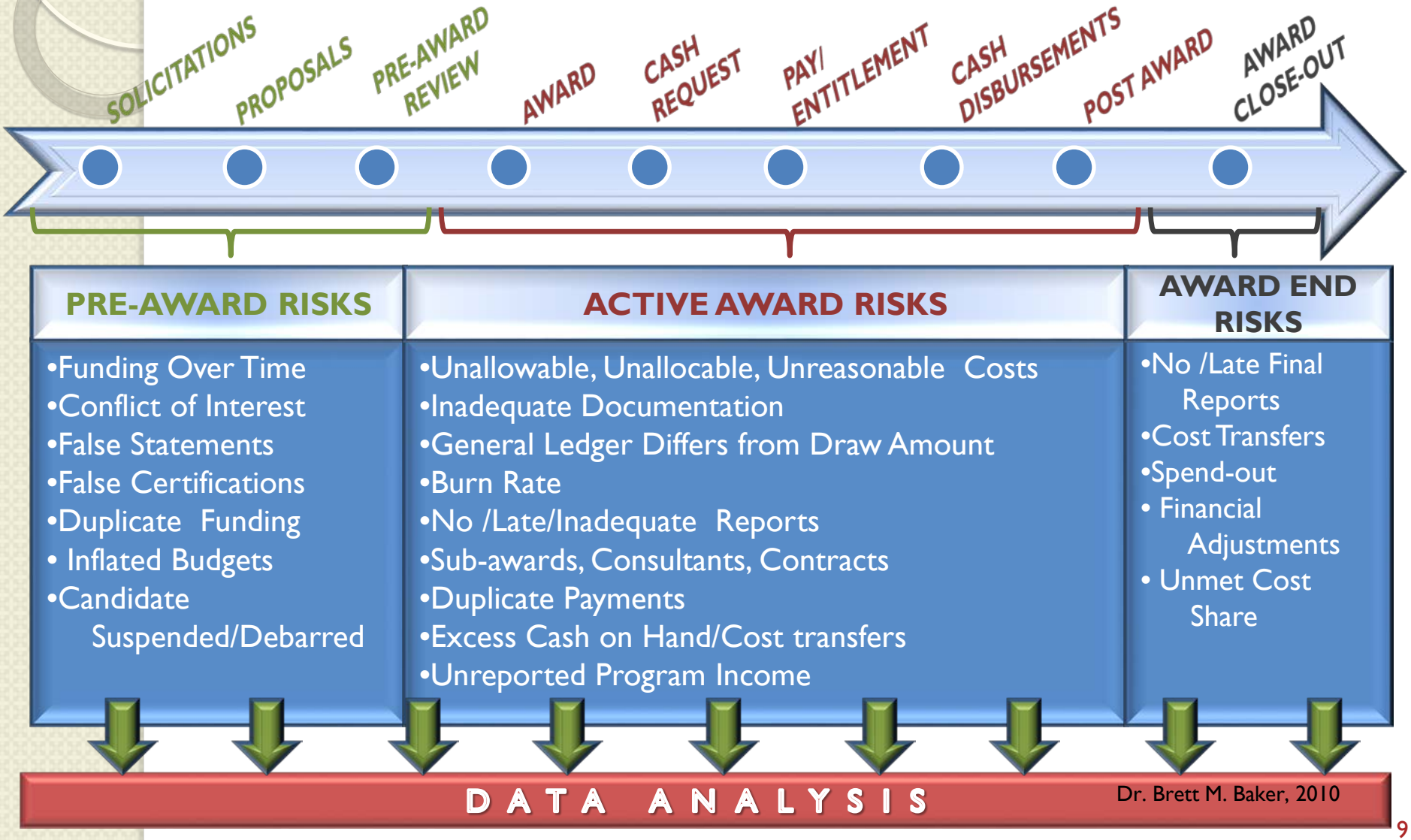
- Unsupported expenditures
  - Reimbursements not documented (invoices, etc.)
  - Time and effort not timely, not signed/certified
- Unallowable expenditures
  - Direct charges for costs in the indirect pool
  - Excess faculty/senior personnel salaries (unless NSF-approved)
  - Meals, non-related travel, alcohol
  - Unapproved changes in participant support

OMB Circulars A-21, A-87, A-122

Framework for Grant Oversight

- Data analytics-driven and risk-based methodology
  - Identify institutions that may not be using Federal funds properly; identify questionable expenditures
- Life cycle approach to oversight
  - Mapping of end-to-end process to identify controls
  - 100% review of key financial and program information
  - Focus attention on expenditure anomalies
- Complements traditional oversight approaches

End to End Process for Grant Oversight



Dr. Brett M. Baker, 2010

Example: Equipment Charges Incurred Immediately Before Grant Expiration Date

GRANT ID	OBJECT DESCRIPTION	GRANT EXPIRATION DATE	TRANSACTION DATE	LEDGER POST DATE	FINANCIAL AMOUNT
XXXXX42	CONSTRUCTION AND ACQUISITION	09/30/2009	09/30/2009	10/06/2009	51,851.22
			Same day as expiration		
GRANT ID	OBJECT DESCRIPTION	GRANT EXPIRATION DATE	TRANSACTION DATE	LEDGER POST DATE	FINANCIAL AMOUNT
XXXXX27	INVENTORIAL EQUIPMENT	07/31/2010	06/04/2010	08/11/2010	31,621.56
			57 days before expiration		
GRANT ID	OBJECT DESCRIPTION	GRANT EXPIRATION DATE	TRANSACTION DATE	LEDGER POST DATE	FINANCIAL AMOUNT
XXXXX77	INVENTORIAL EQUIPMENT	08/31/2009	07/16/2009	09/10/2009	23,163.75
			46 days before expiration		
				TOTAL	106,636.53

Office of Investigations

- Detect and prevent fraud
- Investigate criminal, civil, administrative matters
- Address alleged wrongdoing involving proposals and awards and those who conduct business with, or work for NSF

Allegations

- Allegations
  - Violation of law, regulations, award conditions, or policies
  - Mismanagement
  - Waste of funds
  - Abuse of authority

- Type of Allegations Received
  - Fraud
  - False Statements
  - Theft or abuse of government funds
  - Plagiarism or intellectual theft
  - Falsification/Fabrication of data
  - Employee Misconduct
  - Conflict of Interest
  - Failure to share data

Sources* of Allegations

- Principal Investigators/co PIs
- NSF Program Officers
- Other NSF Employees
- Review Panelists
- Government Agencies
- Graduate Students
- University Administrators
- Contractors
- Anonymous Hotline Callers or Informants

* Anyone may confidentially contact OIG to report potential wrongdoing

Investigative Process

- Determine jurisdiction; identify issues
- Objectively gather evidence
- As appropriate, refer to audit or other OIG
- Prepare written Report of Investigation
- Work with DoJ, state prosecutors, NSF, and awardees to develop appropriate resolutions that protect the interests of the Federal Government and the U.S. taxpayer

Administrative Cases

Violations of Regulations

- Research Misconduct
  - NSF Research Misconduct Regulation:

    45 CFR Part 689 http://www.nsf.gov/oig/misconscieng.jsp
  - NSF regulation tracks OSTP's Federal policy
  - Defines Fabrication, Falsification, Plagiarism (FFP) and defines "research"
- COIs, Violations of Confidentiality, etc.
- Human Subject's Research

Administrative Cases

- Currently 120+ cases open; over 60% are substantive
- Results can include LOR, certifications, debarment and recovery of funds
- 25 RM findings in 2014
- Recoveries of $1.5M
- Human Subject's violations are increasing as is data fabrication by graduate students

Criminal/Civil Cases

- Violation of Statutes:
  - Conspiracy – 18 U.S.C. § 371
  - False Claims – 18 U.S.C. § 287
  - Embezzlement – 18 U.S.C. § 641
  - Theft of Federal Funds– 18 U.S.C. § 666
  - False Statements – 18 U.S.C. § 1001
  - Mail Fraud – 18 U.S.C. § 1341
  - Wire Fraud – 18 U.S.C. § 1343
  - Civil False Claims – 31 U.S.C. § 3729(a)
- Abuse of federal rules and regulations
- Other actions that could compromise the integrity, efficiency, and operations of NSF

Outcomes of Investigations

- Refer to law enforcement authorities
  - Criminal or civil matters may result in:
    - Prosecution
    - Settlement Agreement / Compliance Agreement
    - Fines, Reimbursements, Incarceration
- Refer to NSF
  - Administrative matters may result in:
    - Termination/ Restrictions on Awards
    - Certifications / Assurances
    - Suspensions / Debarments
    - Reprimands / Retractions
- Refer to OIG Audit

Criminal Prosecutions

- Our jurisdiction follows NSF funds
- ~ 70 civil/criminal investigations underway
- 6 current prosecutions across the U.S.
- Recently concluded prosecution of SBIR company owners
- Conspiracy to commit wire fraud
  - Wire fraud (7 counts)
  - Aggravated identity theft (5 counts)
  - Falsification of records (2 counts)
- Owners received 12/15 years in prison;

Whistleblower Protection

- A core value of OIG is protecting NSF employees, contractors, and grantees who step forward to identify potential wrongdoing
- Federal law prohibits retaliation for providing information reasonably believed to evidence
  - a violation of law, rule, or regulation
  - gross mismanagement
  - gross waste of funds
  - abuse of authority, or
  - a substantial and specific danger to public health and safety

Whistleblower Protection

- ***NSF federal employees*** are protected if they make a whistleblower disclosure to the US Office of Special Counsel, the OIG, or a supervisor
- ***Employees of NSF contractors and grantees*** are currently* protected if they make a whistleblower disclosure to their management, an OIG, or an official responsible for investigating misconduct
- ***Both*** federal employees and contractor/grantee employees are also protected for communications to Congress or the media

* 5-year Pilot Program, starting July 1, 2013. 41 USC 4712

Whistleblower Protection Ombudsman

William J. Kilgallin
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National Science Foundation
Office of the Inspector General
(703)292-4993
wkilgall@nsf.gov

When should you contact OIG?

- Report significant administrative or financial problems
- Report allegations of wrongdoing
  - Research misconduct
  - Fraud / theft involving NSF funds
  - Violation of regulation, directive, or policy

NSF Hotline

OIG Outreach

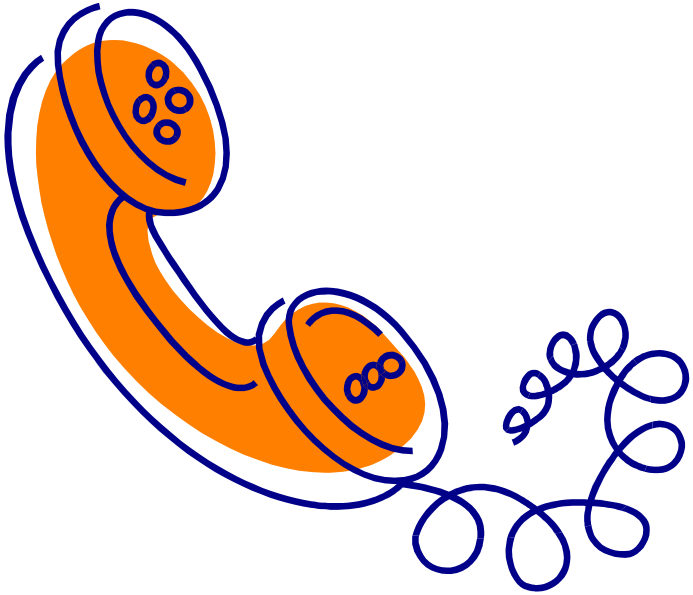
- Presentations at conferences and seminars
  - For students, PIs, and administrators
  - OIG outreach visit can be requested

- Fact sheets and brochures, briefings, conference presentations www.nsf.gov/oig/outreach_all.jsp

- OIG Semiannual Report
  - http://www.nsf.gov/oig/pubs.jsp

Contact NSF OIG

- **Internet:**
  - www.nsf.gov/oig/
- **Mail:**
  - 4201 Wilson Blvd., Arlington, VA 22230
- **Phone:**
  - 703-292-7100
- **Hotline:**
  - 1-800-428-2189
- **E-mail Hotline:**
  - oig@nsf.gov



Questions?

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