



**NEWS FROM THE OFFICE OF INSPECTOR GENERAL
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The Office of Inspector General at the National Science Foundation conducts independent audits and investigations involving NSF funds and operations. Our goal is to keep the Congress, NSF, and the public informed about problems we identify and corrective actions that are taken. More information about our work is available on our website:

<http://www.nsf.gov/oig/>.

- As part of a continuing series of audits of labor-effort reporting by recipients of large NSF grants, the OIG recently issued an audit on the system used by the University of Nevada, Reno to document salaries and wages charged to NSF and to other Federal grants. While the university had established a new effort report system, we found that Nevada still needs to improve its internal controls to ensure compliance with NSF and federal requirements. For example, our audit disclosed that the university processed salary cost transfers without proper justification and charged \$54,154 to NSF grants that did not directly benefit the research projects NSF was funding. The instances of noncompliance we identified and the systemic internal control weaknesses we found raised concerns about the reliability of the \$1.7 million in labor charges to NSF for FY 2008. We made several recommendations to Nevada for improving its internal controls, and the university has taken steps to improve its effort reporting and cost transfers. The report is available at: http://www.nsf.gov/oig/10-1-003_UNR.pdf
- ARRA recipients are required to report quarterly on their spending and activities, and on jobs supported by ARRA funds. An effective data quality review process is a major control for helping to ensure the accuracy of information recipients report. We conducted an audit to determine whether NSF had a process to perform the limited data quality reviews required of recipients' ARRA quarterly reports and that identifies material omissions and/or significant errors. We found that NSF is putting in place an adequate process that meets OMB requirements for limited data quality reviews. We made several suggestions for NSF to consider as it refines its process for future reporting cycles. Our suggestions included that NSF define "chronic reporting problems" and that NSF develop plans to use ARRA recipient reporting in its continuing risk assessments. The report is available at: http://www.nsf.gov/oig/10_2_001.pdf
- OIG conducted an investigation into allegations that senior personnel at Fort Valley State University made false claims and falsely certified compliance with requirements of a \$2.5 million cooperative agreement with NSF. The investigation resulted in a settlement agreement whereby the Georgia Board of Regents agreed to pay \$500,000 to the United States. In addition, the settlement incorporated a mandatory 5 year compliance agreement requiring Fort Valley, at its own expense, to: (1) create a compliance plan to ensure adherence to federal award conditions; (2) produce annual reports to OIG, including the results of annual independent audits of NSF award expenditures; and (3) notify OIG of any deficiencies related to NSF awards. OIG is hopeful that implementation of these measures will enable Fort Valley to avoid the types of deficiencies and mischarges revealed in this investigation.