

The Inspector General's Semiannual Report to Congress

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Discussion with BFA/DIAS December 3, 2010

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Inspector General Act of 1978 Amended 1988 and Reform Act 2008

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- 73 statutory IGs are independent units to
 - *detect and prevent fraud, waste, abuse, and violations of law*
 - *promote economy, efficiency and effectiveness in the operations of the Federal Government.*
- **1978** established IG responsibilities and duties
- **1988** established IGs in smaller, independent agencies (NSF)
- **IG Reform Act of 2008** created the Council of the Inspectors General on Integrity and Efficiency (CIGIE)

Serious Problems Reported First to Agency

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Each Inspector General shall report immediately to the Head of the establishment when aware of serious problems, abuses, or deficiencies relating to the administration of programs and operations of such establishment.

The Head of the establishment shall transmit any such report to the appropriate committees or subcommittees of Congress within seven calendar days, together with any comments such head deems appropriate.

Reports to Congress, NSF, Public

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- **Semiannual Summary of Office Activities**
 - A summary of each significant report issued
 - Six-month periods ending March 31 and September 30
 - Statutory requirement to prepare report NLT April 30 and October 31. Transmitted 30 days later (May 30, Nov 30)
 - Posted on OIG website
- **The Director, NSF, transmits the IG semiannual report to the appropriate committees or sub-committees of the Congress within thirty days after receipt of the report, together with any comments determined appropriate.**

Areas to Report

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- Significant problems, abuses, and deficiencies in programs and operations
- Recommendations for corrective action
- Recommendations on which corrective action is not completed
- Matters referred to prosecutive authorities and resultant prosecutions and convictions

Questioned Cost

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A Questioned Cost is

- (A) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other document governing the expenditure of funds;
- (B) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or
- (C) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

Unsupported or Disallowed Cost

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- **Unsupported cost is**
 - a cost questioned because the cost was not supported by adequate documentation at the time of the audit;
- **Disallowed cost is**
 - a questioned cost that management sustained or agreed should not be charged to the Government;

Recommendation that Funds Be Put to Better Use

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- A recommendation that funds could be used more efficiently if management took actions to implement and complete the recommendation, including--
 - (A) reductions in outlays;
 - (B) de-obligation of funds from programs or operations;
 - (C) withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds;
 - (D) costs not incurred by implementing recommended improvements related to the operations of the establishment, a contractor or grantee;
 - (E) avoidance of unnecessary expenditures noted in pre-award reviews of contract or grant agreements; or
 - (F) any other savings which are specifically identified.

Reporting External Audits

Auditee is the NSF grantee

- “Management Decision” is a final decision by management concerning its response to audit findings and recommendations, including actions concluded to be necessary.
- “Final Action” is a management decision that all necessary actions are concluded or that no action is necessary.

Reporting Internal (NSF) Audits

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Audit is of NSF programs and operations (Auditee is NSF)

- “Management Resolution” occurs when the OIG and NSF management agree on the corrective action plan that will be implemented in response to the audit recommendations.
- “Final Action” occurs when management has completed all actions it agreed to in the corrective action plan.

Status of Recommendations that Involve Internal NSF Management Operations

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Open Recommendations (as of 09/30/2010)	
Recommendations Open at the Beginning of the Reporting Period	52
New Recommendations Made During Reporting Period	0
Total Recommendations to be Addressed	52
Management Resolution of Recommendations ^[1]	
Awaiting Resolution	3
Resolved Consistent With OIG Recommendations	49
Management Decision That No Action is Required	0
Final Action on OIG Recommendations ^[2]	
Final Action Completed	10
Recommendations Open at End of Period	42

Audit Reports Issued Recommendations for Better Use of Funds

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		Dollar Value
A.	For which no management decision has been made by the commencement of the reporting period	\$1,153,497
B.	Recommendations that were issued during the reporting period	\$88,184,480
C.	Adjustments related to prior recommendations	\$0
Subtotal of A+B+C		\$89,337,977
D.	For which a management decision was made during the reporting period	\$1,153,497
	i) Dollar value of management decisions that were consistent with OIG recommendations	\$0
	ii) Dollar value of recommendations that were not agreed to by management	\$1,153,497
E.	For which no management decision had been made by the end of the reporting period	\$88,184,480
For which no management decision was made within 6 months of issuance		\$0

Audit Reports Issued with Questioned Costs

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		Number of Reports	Questioned Costs	Unsupported Costs
A.	For which no management decision has been made by the commencement of the reporting period	33	\$62,769,734	\$2,553,659
B.	That were issued during the reporting period	17	\$2,053,924	\$1,540,132
C.	Adjustment related to prior recommendations			
Subtotal of A+B+C			\$64,823,658	\$4,093,791
D.	For which a management decision was made during the reporting period	7	\$614,602	\$35,400
	i) dollar value of disallowed costs	N/A	\$52,880	N/A
	ii) dollar value of costs not disallowed	N/A	\$561,722	N/A
E.	For which no management decision had been made by the end of the reporting period	43	\$64,209,056	\$4,058,391
For which no management decision was made within 6 months of issuance		26	\$62,155,132	\$2,518,259

Audit Reports Involving Cost-Sharing Shortfalls

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A.	Reports with monetary findings for which no management decision has been made by the beginning of the reporting period:	2	\$11,493,051	\$136,263	\$510,718
B.	Reports with monetary findings that were issued during the reporting period:	1	\$0	\$0	\$225,884
C.	Adjustments related to prior recommendations	0	\$0	\$0	\$0
Total of reports with cost sharing findings (A+B+C)		3	\$11,493,051	\$136,263	\$736,602
D.	For which a management decision was made during the reporting period:	0	\$0	\$0	\$0
	1.Dollar value of cost-sharing shortfall that grantee agreed to provide	0	\$0	\$0	\$0
	2.Dollar value of cost-sharing shortfall that management waived	0	\$0	\$0	\$0
E.	Reports with monetary findings for which no management decision has been made by the end of the reporting period	3	\$11,493,051	\$136,263	\$736,602

Audit Reports Issued with Recommendations for Better Use of Funds

			Dollar Value
A.	For which no management decision has been made by the commencement of the reporting period		\$1,153,497
B.	Recommendations that were issued during the reporting period		\$88,184,480
C.	Adjustments related to prior recommendations		\$0
Subtotal of A+B+C			\$89,337,977
D.	For which a management decision was made during the reporting period		\$1,153,497
	i)	Dollar value of management decisions that were consistent with OIG recommendations	\$0
	ii)	Dollar value of recommendations that were not agreed to by management	\$1,153,497
E.	For which no management decision had been made by the end of the reporting period		\$88,184,480
For which no management decision was made within 6 months of issuance			\$0

Aging of Open Recommendations

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Awaiting Management Resolution:	
0 through 6 months	0
7 through 12 months	1
More than 12 months	2
Awaiting Final Action After Resolution	
0 through 6 months	0
7 through 12 months	24
More than 12 months	15

List of Reports

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NSF and CPA Performed Reviews

Report Number	Subject	Questioned Costs	Unsupported Costs	Better Use of Funds	Cost Sharing At-Risk
10-1-010	Audit of COL's Government Owned Equipment	\$0	\$0	\$0	\$0
10-1-011	Audit of COL's Accounting System	\$0	\$0	\$0	\$0
10-1-012	COL OOI Proposed Budget	\$0	\$0	\$88,184,480	\$0
10-1-013	AUI Internal Controls Long & Short Term Planning	\$0	\$0	\$0	\$0
10-1-014	JOI 20 Month Incurred Cost	\$392,309	\$324,500	\$0	\$0
10-1-015	COL 4 Month Incurred Cost	\$195,937	\$80,000	\$0	\$0
10-1-016	IRIS Accounting System	\$0	\$0	\$0	\$0
10-6-004	Alert Memo IODP IMI Contract Administration	\$0	\$0	\$0	\$0
10-6-006	ARRA-ARRV Construction Planning Survey	\$0	\$0	\$0	\$0
10-6-007	ASC Alert Memo	\$0	\$0	\$0	\$0



Comments? Questions?

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Celebrating
60 *Years*
of Discovery