



NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

Case Number: I02050020

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In May 2002, we received information that identified that a company¹ may have submitted proposals to the NSF Small Business Innovation Research (SBIR) Program, that were similar to proposals submitted to SBIR Programs at Department of Defense (DoD) and Department of Energy (DOE). We also learned that National Aeronautics and Space Administration (NASA) OIG had started an investigation of the company based on a referral from the Defense Contract Audit Agency (DCAA). DCAA had identified questionable salary charges between DoD and NASA SBIR contracts. Our office then joined the multi-agency investigation led by NASA-OIG Glenn Research Center, Cleveland, OH.

On September 3 and 4, 2002, a multi-agency investigative team involving NSF-OIG, DOE-OIG, NASA-OIG, Defense Contract Audit Agency (DCAA), reviewed documents from 41 different research awards to the company from NSF, NASA, DOD, DOE, and the Department of Commerce from 1994 to 2002. While we found that many awards had similar or the same title and abstracts, the proposals were not identical and the research results reported to the various agencies were different. Based on our review, we found no evidence of duplicate research submitted. At that meeting, DCAA also provided the preliminary results of an investigative audit focusing on labor charges for calendar years 1999 and 2000. DCAA found that employees regularly charged their time to one or two projects and administrative time, which could result in higher indirect labor cost. DCAA had not completed the review of salary charges to SBIR awards and agreed to provide the results in January 2003.

In January 2003, DCAA reported that on several SBIR awards from NSF, NASA and DOE, the Principal Investigators (PIs) for the company had charged significantly less time to the awards than were initially proposed and reported in progress reports. The NSF SBIR Program Officer said that PIs' lack of official time charged to NSF's SBIR awards was worrisome but not a serious issue because the PIs were involved in the research projects and actively communicated with NSF. The company also has a good reputation for completing SBIR projects and commercializing the research products. In March 2003, DCAA reported that the review of salary practices was continuing, however, DCAA had found no evidence of fraudulent charges. The multi-agency investigative team agreed to close the investigation and allow DCAA to resolve the remaining issues through the audit process.

Accordingly, this case is closed.

1 [REDACTED]