



From the Inspector General

This report highlights the activities of the National Science Foundation (NSF) Office of Inspector General (OIG) for the six-month period ending September 30, 2004. Our office issued 10 audit reports that contained \$1,218,677 in questioned costs and made recommendations that would put \$174,370 in NSF funds to better use. We closed 38 civil/criminal cases and 51 administrative cases, and our investigations produced \$522,387 in recoveries. Three cases were referred to the Department of Justice and 15 administrative cases were forwarded to NSF management for action during this period. To minimize future occurrences of fraud, waste, and abuse, our staff also conducts outreach activities to educate NSF grantees about the responsibilities that go along with accepting Federal funds.

The FY 2005 Management Challenges letter, which identifies the most serious management and performance issues facing the agency, appears on page 49 of this report. Although most of our audits are by necessity *external*, i.e., directed toward ensuring the financial and administrative compliance of NSF grantees, we also conducted *internal* audits that focus on subjects directly related to the Challenges. During this period, we reviewed aspects of the Math and Science Partnership Program (p. 13), the cost of visiting IPAs (p. 14), and the United States Antarctic Program (p. 15). Over the years OIG audits have been instrumental in identifying many management challenges, including the administration of grantee cost sharing. In October, the National Science Board approved a new policy intended to eliminate all but statutory and voluntary cost sharing. We will carefully monitor the effect of this new policy.

Since its inception, the position of NSF Inspector General has been appointed by and reports to the National Science Board. This arrangement has served both NSF and the taxpayers well. It has fostered a productive working relationship between the Board and OIG, while at the same time allowing our office the independence from management needed to carry out its sensitive mission of preventing fraud, waste and abuse, and promoting economy, efficiency and effectiveness. We were, therefore, supportive when the Board reaffirmed the current IG appointment and reporting structure in its August 2004 letter to the Subcommittee on Government Efficiency and Financial Management.

Finally, our efforts during this period have resulted in many constructive recommendations to NSF. This is possible because of the strong support we have received from the Congress, the Board, and NSF management, as well as the dedication and solid work of OIG employees. I want to express my sincere appreciation to all, and I look forward to continued cooperation as we work together to improve the agency operations that allow NSF to make its notable accomplishments in science and technology.

A handwritten signature in black ink that reads "Christine C. Boesz".

Christine C. Boesz, Dr.P.H.
Inspector General
November 19, 2004

