

OIG Management Activities

Congressional Testimony

In August 2009, the Inspector General testified before the Senate Commerce, Science, and Transportation Committee at a hearing titled “Waste, Fraud, and Abuse in the Small Business Innovation (SBIR) Program. The SBIR program at NSF is a valuable tool in providing funds to small, high-tech businesses conducting innovative research to advance the agency’s mission. The Inspector General stated that the vast majority of companies receiving SBIR awards from NSF spend these funds to carry out the research they proposed to do; over time, however, the OIG has received allegations and conducted investigations of companies that have allegedly committed fraud involving SBIR awards.

The primary type of fraudulent activity found in NSF’s SBIR program is duplicative funding, in which companies obtain awards from more than one federal agency for the same or duplicative work. The Inspector General emphasized that in response to our recommendations, NSF requires companies to disclose when they submit proposals to more than one agency and to certify the accuracy of that disclosure. Additionally, NSF’s guidance makes it clear to potential recipients that they are prohibited from receiving duplicate funding for the same or overlapping research.

NSF also requires all companies that receive a Phase I SBIR award to attend a workshop to help them comply with NSF requirements. For over 10 years, this workshop has included a briefing by the OIG that makes it clear that violations of SBIR program requirements constitute wrongdoing that can result in significant criminal, civil, and administrative consequences. The Inspector General stressed that NSF has supported the OIG’s efforts to prevent and detect fraud in the SBIR program and has instituted processes that enhance the OIG’s ability to prosecute such fraud. The OIG will continue to work with NSF to prevent unscrupulous companies from defrauding the SBIR program.

Outreach

As part of our mission to prevent fraud, waste, and abuse, we conduct outreach programs at conferences and for grantees. We tailor these programs to specific needs, and present information regarding research misconduct and financial fraud, as well as general information about what our office does to prevent fraud, waste, and abuse.

HIGHLIGHTS

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Our office is recognized nationally and internationally as a leader in the area of research misconduct. NSF was one of the first government agencies to issue a research misconduct regulation and was instrumental in the development of the Office of Science and Technology Policy's government-wide research misconduct policy. Our office receives numerous requests from universities and others in the research community to provide training on preventing, detecting, and investigating research misconduct, and we have made a number of presentations in the past six months. In addition, our office played a significant role in drafting the "Practical Guide to Investigating Research Misconduct Allegations in International Collaborative Research Projects"²⁴ which was finalized by the Organization for Economic Cooperation and Development (OECD) during this period.

Outreach to NSF, the National Science Board, universities, the research community, and others is an essential tool in our efforts to prevent and deter fraud and abuse related to NSF-funded grants. Examples of our outreach activity during this reporting period include providing grant fraud training for OIG investigators and auditors and providing best practices and practical suggestions to NSF grant recipients on reducing fraud and mismanagement. In addition, our office made a presentation to the Society of Research Administrators International and to the National Grants Management Association.

We also conduct briefings for recipients of grants under the Small Business Innovation Research (SBIR) program to make it clear to awardees that violations of SBIR program requirements constitute wrongdoing, and we outline the specific criminal, civil, and administrative consequences of such wrongdoing. U.S. Attorneys who have prosecuted cases of fraud against SBIR have cited these briefings as an asset in prosecutive decisions. We also participated in NSF's new employee orientation sessions to inform employees about our office's role and about their responsibility to report potential waste, fraud, and abuse to us.

In keeping with our efforts to focus on the prevention of fraud, waste, and abuse in Recovery Act programs and funding, we are working with NSF to provide timely fraud prevention and detection guidance. The agency has been receptive to our input and we continue to work to help ensure that Recovery Act funding is reaching the intended recipients.

In June, 2009, the Associate Inspector General for Audit co-chaired an international workshop in Portugal on challenges associated with managing research accountability. Dr. Christine Boesz, former NSF Inspector General, served as the workshop facilitator. Hosted by the Portuguese Foundation for Science and Technology and the National Science Foundation, this workshop was the seventh in a series of international accountability workshops, which have focused on topics such as implementing grant oversight strategies, evaluating research results, and strategies to prevent fraud and abuse of research funds. This year's workshop, entitled Restoring Trust, featured case studies and best practices for addressing accountability challenges. Workshop participants came from the United States, nine European countries, the European

²⁴ Available at <http://tinyurl.com/y88gpac>.

Commission, and Japan. In addition to NSF, United States participants included the director of sponsored programs at the University of Washington and the director of internal audit at the Nature Conservancy. The Associate Inspector General for Audit's presentation, American Recovery and Reinvestment Act, discussed the unique challenges recipients of stimulus funds faced in complying with the explicit goals and detailed requirements of the Act.

The Office of Audit also participated in numerous domestic outreach events related to the Recovery and Reinvestment Act during this reporting period. For example, Audit participated in a panel discussion at a Federal Demonstration Partnership²⁵ meeting in May 2009 on how to administer stimulus funds. Also, throughout this semiannual period Auditors networked with other OIGs to discuss strategies for complying with the Act's unprecedented accountability, transparency, and oversight requirements. In addition, Auditors actively participated in developing guidance to assist auditors who perform Single Annual Audits, test Recovery and Reinvestment Act expenditures. Further, Auditors and Investigators participated in five NSF workgroups that focused on Recovery and Reinvestment Act topics, such as award processing, budget issues, post award monitoring, and reporting requirements, to help ensure that the agency and the awardees it funded under the Act, complied with its new, complex requirements.

Our Office of Investigations Summer Internship Program is noteworthy in the IG community. During this semiannual period, the program reached a new high, with 13 interns joining our office. Through this program, interns from colleges and law schools throughout the nation, work with civil/criminal investigators, investigative scientists, and investigative attorneys, conducting high quality research, reviewing documents, and interviewing witnesses. Most significantly, our interns draft review plans to proactively identify wrongdoing and systemic weaknesses which contributes to our mission of preventing and detecting fraud. We are proud that the knowledge and experience gained by our interns have contributed to their success in obtaining challenging and rewarding employment after graduation.

Providing Information to the OIG in a Timely and Effective Manner

It is important to note that in August 2009, the Director issued a memorandum to all NSF employees emphasizing our office's vital role in preventing and detecting fraud, waste, and mismanagement and strongly stated his expectation that all NSF employees and offices will cooperate fully with our office. This memorandum specifically directed NSF personnel to refrain from any activity that might inhibit communication or cooperation with the OIG. We commend the agency for this initiative and its recognition of the critical importance of providing information to our office in a timely manner.

²⁵ The Federal Demonstration Partnership includes federal agencies, academic research institutions and research policy organizations.

