

National
Science
Foundation



Office of
Inspector
General



Semiannual Report to Congress

March 2011

About The National Science Foundation...

The National Science Foundation (NSF) is charged with supporting and strengthening all research disciplines, and providing leadership across the broad and expanding frontiers of science and engineering knowledge. It is governed by the National Science Board which sets agency policies and provides oversight of its activities.

NSF invests approximately \$7 billion per year in a portfolio of more than 35,000 research and education projects in science and engineering, and is responsible for the establishment of an information base for science and engineering appropriate for development of national and international policy. Over time other responsibilities have been added including fostering and supporting the development and use of computers and other scientific methods and technologies; providing Antarctic research, facilities and logistic support; and addressing issues of equal opportunity in science and engineering.

And The Office of the Inspector General...

NSF's Office of the Inspector General promotes economy, efficiency, and effectiveness in administering the Foundation's programs; detects and prevents fraud, waste, and abuse within the NSF or by individuals that receive NSF funding; and identifies and helps to resolve cases of misconduct in science. The OIG was established in 1989, in compliance with the Inspector General Act of 1978, as amended. Because the Inspector General reports directly to the National Science Board and Congress, the Office is organizationally independent from the agency.

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From the Inspector General

This Semiannual Report to Congress highlights the activities of the National Science Foundation, Office of Inspector General for the six months ending March 31, 2011. During this period, 24 audit reports were issued, five of which questioned \$4 million and one of which identified \$62 million of unallowable contingency costs in a proposed construction budget for the Advanced Technology Solar Telescope. More than \$20 million of these unallowable contingency costs were America Recovery and Reinvestment Act funds. In addition, our investigative staff closed 32 civil/criminal investigations, had six research misconduct cases result in findings by NSF, and recovered \$1,948,754 for the government. Further, our investigations resulted in four convictions, four government-wide debarments, and one government-wide suspension.

In February, I testified before the House Commerce, Justice, Science Appropriations Subcommittee regarding some of the top management challenges facing the Foundation, as well as reviews my office has conducted of NSF's operational expenses. Since NSF's primary mission activity is accomplished through funding external awardees, the Foundation's success is largely dependent on effective grant and contract administration. Accordingly, we are focusing significant audit work on two of NSF's top management challenges — improving grant administration and strengthening contract administration. We have also identified controls over contingency funds as an emerging challenge, and we have recommended that the Foundation require its awardees to remove unallowable contingencies from their proposed budgets and that NSF stop its current practice of allowing awardees to manage contingency funding. NSF has been responsive to our recommendations pertaining to grant and contract administration, and we are working with NSF to resolve contingency related findings.

In light of the current economic climate, it is essential that we also examine how NSF spends money internally for its own operations and activities. In this vein, we recently reviewed expenditures in two areas — refreshments provided to individuals participating in meetings at NSF and travel expenses under NSF's Independent Research and Development Program — both of which could yield cost savings with additional oversight and control. Our findings on expenditures for refreshments are detailed in this report; our September 2010 report included our findings on travel expenses.

Our investigative work continues to be a vital component of our efforts to prevent and detect fraud, waste, and abuse within NSF and by individuals or entities that receive NSF funding. Notable examples in the past six months include a case in which the president and executive director of a research company were required to pay over \$120,000 in restitution, and each was debarred for ten years after instructing their employees to bill time to NSF projects regardless of how much time they spent on those projects. In another case, three universities returned nearly \$200,000 to NSF for improper charges to NSF awards.

Finally, in an effort to be more transparent, we are now making our investigative closeout memoranda publicly available on our website. These memos describe the nature of the investigation and whether it resulted in an administrative, civil, or criminal action. As of March 31, we have uploaded 2,000 closeout memos onto our website covering over 20 years worth of investigative activity. We have organized the cases into searchable categories such as grant fraud, contractor fraud, and computer intrusion, in order to facilitate the public's access to this information.

I look forward to a continued partnership with the Congress and with NSF in advancing our shared mission of safeguarding federal tax dollars awarded by the Foundation and in protecting the integrity of NSF's programs and operations.

A handwritten signature in black ink that reads "Allison C. Arnes". The signature is written in a cursive style with a clear, legible font.

Report Highlights

- An audit of NSF's actions to address over 100 recommendations for workforce management change found that NSF has completed action on only 11 recommendations and that its process for change is informal, undocumented, and ad-hoc. NSF has outlined steps it has started to take to address workforce management issues.
- An audit of four awards at one institution and of three awards at another institution identified significant compliance and internal control deficiencies that led to more than \$3 million in questioned costs. These findings are particularly critical because one of these institutions had 382 active NSF awards totaling over \$160 million, and the other had more than six NSF awards totaling over \$23.7 million.
- An audit of the \$298 million cost proposal to construct the Advanced Technology Solar Telescope included \$62 million in unallowable contingency costs and an undetermined amount of contingency escalation costs. Problems with contingencies in this award are similar to those reported in our September 2010 semiannual in which a non-profit organization's proposed budget included \$88 million in unallowable contingency costs.
- Our investigation involving the president and executive director of a research company that had received a number of NSF grants led to the president being required to pay over \$105,000 in restitution and being sentenced to a month in prison. The executive director was required to pay over \$5,000 in restitution, and both executives and the company were debarred for ten years. These executives were instructing employees to bill time to NSF projects regardless of how much time they spent on the projects.
- In response to our recommendation, NSF terminated a Small Business Technology Transfer grant to a company that improperly accepted the grant while the company was under a Notice of Proposed Debarment from another agency, making it ineligible to receive any federal grants. The company spent \$100,000 of the grant which was funded under the American Recovery and Reinvestment Act. We referred this matter to the Department of Justice, and because the company did not take any steps to repay the money, and the fact that we had ongoing concerns with the company's present responsibility, we recommended that NSF debar the company.

- Our investigation of a former PI revealed that he had charged significant personal purchases to NSF awards and lied to his supervisor to cover up these charges. Based on our recommendation, NSF suspended the former PI government-wide so that he could not receive any federal awards for the duration of our criminal investigation.

Audits & Reviews

Twenty four audit reports were issued during this reporting period. Five of these audits contained a total of \$4 million in questioned costs, including nearly \$59,000 in cost-sharing shortfalls. One audit of a proposed budget also found \$62 million of unallowable contingency costs. We recommended that NSF, in consultation with the OIG, resolve the audits' recommendations with the awardees.

NSF Needs to More Effectively Address Recommendations for Workforce Management Change

The Senate Committee Report accompanying NSF's 2011 appropriations bill, requested that the OIG analyze "NSF actions to improve workforce management and the work environment for employees." Congress, OPM, the OIG, and NSF management and staff have all expressed concerns about workforce management and the work environment at NSF in recent years. NSF's response to these concerns generally has been to assemble working groups of NSF staff to assess the issues and recommend needed corrective action.

Between September 2009 and August 2010, internal and external efforts to identify workforce management improvements resulted in NSF management having 102 recommendations relevant to our audit objectives. As of December 1, 2010, NSF had completed action on only 11 of the 102 recommendations.

We found that NSF does not have an effective process for implementing the workforce management changes called for in the recommendations it received. The Foundation's process for addressing workforce management change is informal, undocumented, and ad-hoc. Specifically, NSF senior management has not accepted or rejected; prioritized; tracked; managed; or implemented the bulk of the recommendations for improvement. NSF's workforce management change process also suffers because it lacks a champion with both the time and the authority to lead in this area.

NSF's failure to make decisions to improve workforce management has led to continued attention from Congress and may have contributed to a decline in employee satisfaction at the Foundation. We recognize that it is not reasonable to expect NSF to implement 102 recommendations simultaneously, and we are not saying that it should have done so. However, it is reasonable to expect NSF management to set priorities and milestones and implement an action plan in a structured approach to address workforce issues.

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An effective process and structure, combined with strong leadership on the part of the champion for this change, would help NSF identify and implement those actions that should result in the most effective improvements in its workforce management and work environment for employees.

We recommended that NSF develop and document policies and procedures and utilize a structured approach to manage and implement workforce and workplace change. NSF generally agreed with our recommendation and has outlined steps it has begun to take to address the issues surrounding its management of human capital. Among other things, NSF stated that while it is experimenting with how best to implement the role of the Chief Human Capital Officer (CHCO), the CHCO will work with the Deputy Assistant Directors and Executive Officers (DADEO) group to implement human capital management recommendations. NSF stated that by August 2011, it would make a decision on the effectiveness of using the DADEO group in human capital management planning and decision making.

We are concerned that involving so many people in the process will impede, rather than enhance, the speed of change. To have a clear, objective basis by which to judge this effort in August, NSF should articulate how it will gauge the success or failure of this endeavor now, so that all involved will know what is expected of them during this trial period.

Audits of NSF Awards and Awardees Identify \$62 Million of Funds Put to Better Use and \$4 Million of Questioned Costs

Of the 24 audit reports OIG issued during this semiannual period, the following audits of NSF awards and awardees included \$62 million of unallowable contingency costs in a proposed budget and \$4 million in questioned costs on funded NSF awards. In addition, these reports noted significant weaknesses in awardees' internal controls. In one case, the accounting system was not adequate to manage \$765 million of NSF funds. We also reviewed quarterly reports, required by the Recovery Act, at seven NSF awardees and found several areas in which data were not correctly reported.

\$62 Million in Unallowable Contingency Costs in AURA's Unauditable Construction Proposal for Advanced Technology Solar Telescope

An audit of the \$298 million cost proposal by the Association of Universities for Research in Astronomy (AURA) to construct the Advanced Technology Solar Telescope disclosed significant deficiencies that rendered the proposal unacceptable for audit. As a result, NSF does not have assurance that the proposal presents an acceptable basis for funding. The inadequate proposal was based on unsupported and outdated estimates for materials and subcontracts. It included \$62 million in unallowable contingency costs and an undetermined amount of contingency escalation costs built into the material and subcontract estimates. In addition, the proposal included unsupported direct labor and indirect costs.

In response to the audit, AURA stated that, prior to submitting the proposal, NSF had reviewed and accepted its budgeted costs, including the contingencies. However, the contingencies were unallowable, according to federal regulations.

It was recommended that NSF request that AURA resubmit an adequate construction cost proposal without budgeted contingencies, have the proposal audited, and base NSF funding on the results of audit. It was also recommended that NSF internally control contingency funds, and not award such funds until evidence of a demonstrated need is provided.

The problems with contingencies in this award are in addition to those discussed in our September 2010 semiannual. In that case, we reported that a non-profit organization, Consortium for Ocean Leadership (COL), proposed a \$386 million budget with \$88 million of unallowable contingency costs, which were included, at NSF's direction, for its Ocean Observatories Initiative cooperative agreement. As a result of these two audits, in the last two semiannual periods, we have disclosed a total of at least \$150 million of unallowable contingency costs in proposed budgets for two awardees' construction projects.

Significant Compliance and Internal Control Deficiencies Lead to Nearly \$1.9 Million in Questioned Costs

An audit of four awards totaling \$18.6 million NSF-funded costs and \$8.1 million of cost share claimed by the Louisiana Board of Regents (LBR) and its sub-awardees, disclosed significant compliance and internal control deficiencies in LBR's financial management of NSF grant funds. These deficiencies resulted in nearly \$1.9 million in questioned NSF-funded costs and more than \$152,000 of unsupported cost sharing. These findings are particularly significant because as of March 2009, LBR had six awards from NSF totaling over \$23.7 million. If the practices that contributed to the questioned costs are not corrected, unsupported and unallowable costs could continue to be claimed on current and future NSF awards.

Internal control deficiencies led to labor charges that were claimed on NSF awards for work performed on other projects, inadequately supported subaward costs, and NSF-funded equipment that was not used. Recommendations included that LBR consider expanding on-site monitoring visits to sub-awardees and that LBR improve its effort reporting system. The LBR generally concurred with the recommendations and agreed to expand its monitoring system to include additional sub-awardees, improve its timekeeping system, and return or credit funds inappropriately charged to NSF awards. However, it disagreed with the questioned costs from a sub-awardee.

Weaknesses in Financial Management Result Approximately \$1.7 Million in Questioned Costs

An audit of three awards totaling \$17.5 million at Ohio State University (OSU) found five significant compliance and internal control deficiencies. These findings are particularly critical because in 2009, OSU had 382 active NSF awards

totaling over \$160 million. The auditors questioned approximately \$1.7 million as a result of the deficiencies identified. Specifically, the audit disclosed that OSU: lacked an effective system for monitoring costs claimed by subawardees; did not adequately monitor cost share commitments; did not identify participant support costs; did not consistently have effort reports certified in a timely manner by individuals with sufficient knowledge to ensure the reports' reliability; and did not provide adequate training to ensure that personnel were aware of compliance requirements for NSF awards.

Recommendations included that OSU expand its sub-awardee risk assessment and monitoring processes and train employees who certify time spent on federal awards. Although OSU did not agree with the questioned costs, it generally agreed with the internal control recommendations and has implemented procedures to correct its most significant effort reporting deficiencies.

Inadequate Sub-Awardee Monitoring Leads to Approximately \$400,000 in Questioned Sub-Award and Cost Sharing Costs

An audit of one NSF Center award representing nearly \$27.8 million in costs and \$8.7 million in cost sharing claimed by the Trustees of Boston University questioned \$412,400 in sub-award costs and identified \$174,397 in unallowable sub-award cost sharing. Questioned sub-awardee costs included unallowable moving expenses, management fees, unapproved foreign travel that included side trips to resort areas, and conference give-aways, such as calculators and mouse pads. These findings are particularly significant because Boston University is a major NSF grant recipient with 228 active awards totaling nearly \$140 million.

The auditors identified three major compliance and internal control deficiencies: inadequate sub-award monitoring, inadequate internal controls over cost share, and inadequate controls over payments to terminated Center personnel and maintenance of sick leave balances. The University generally agreed with the recommendations to improve its procedures for sub-award monitoring and recording cost share and employee sick leave balances.

Inadequate Controls Result in More Than \$350,000 in Questioned Costs

We conducted an audit to determine whether North Carolina Central University (NCCU) had adequate internal controls to ensure accountability and stewardship of NSF funds. The audit concluded that the University's controls for monitoring costs, compliance with travel regulations, equipment purchases, and charges for payroll and fringe benefits to NSF grants, were inadequate. As a result, the auditors questioned \$351,340, or 31 percent, of the \$1,119,675 total costs NCCU claimed in one fiscal year. In addition, the auditors identified \$4,193 of cost sharing requirements not met.

We recommended that NSF resolve the questioned costs and follow up to ensure that NCCU adequately addresses the deficiencies identified. The University agreed that it had not applied the proper indirect cost rate to NSF awards.

University Needs to Strengthen its Controls over Sub-recipient Monitoring

An audit of four awards at Rice University found that the University needed to strengthen its internal controls over sub-recipient monitoring. The audit found that Rice needed to document the results of pre-award risk assessments and increase post-award oversight to ensure that costs claimed on NSF awards are reasonable and allowable.

In addition, Rice did not comply fully with the reporting requirements for invention disclosure and patent application. Therefore, NSF may not have current information regarding all inventions and patents developed, which is important for evaluating award progress.

The audit recommended that Rice implement ongoing risk-based monitoring of sub-awardees and procedures for invention disclosure and patent application.

Rice agreed with the finding on invention disclosure and patent application and is revising training in this area. The University stated that it is taking steps to strengthen sub-award monitoring but did not agree that this constituted a significant deficiency.

Accounting System Used by AURA is Inadequate to Manage NSF Funds

The Association of Universities for Research in Astronomy (AURA) receives and manages NSF awards totaling approximately \$765 million, on which the Association receives payments in advance of expenditures. The accounting system used by AURA on its NSF awards is managed by the National Optical Astronomy Observatory (NOAO), a division of AURA.

An audit of the accounting system used to generate AURA's proposals, including the \$298 million Advanced Solar Technology Telescope, disclosed eight significant deficiencies. These deficiencies included: lack of identification of the receipt of funds by project or as Recovery Act funds, inadequate purchase order and equipment files and lack of agreement between the amounts in AURA's equipment files and its financial accounting records. In addition, AURA lacked adequate policies and procedures for generating reliable proposals; monitoring subawardees; determining the allowability and reasonableness of its costs; and meeting cost sharing commitments.

As a result of these deficiencies, the audit concluded that NOAO should not receive additional NSF awards or advance payments until these deficiencies are corrected.

The audit recommended that NSF require AURA to take immediate action to correct the accounting system deficiencies identified and consider withdrawing AURA's ability to receive advance payments until AURA's accounting system meets federal standards for fund control and accountability.

Quarterly Reports from Recipients of Recovery Act Funds Were Generally Accurate and Complete

Recipients of Recovery Act funds are required to submit quarterly reports that include data related to the projects funded and the impact of these projects on job creation. Our review covered eight data elements required in quarterly reports: number of jobs, amount of ARRA funds received, ARRA expenditures, vendor payments, sub-award amounts, project description, project status, and final report. It is important for this information to be accurate to meet the Recovery Act's goals of accountability and transparency. The development of effective processes, internal controls, and oversight functions were important elements for ensuring data quality. We examined this data as reported by seven institutions that received ARRA funds.

We concluded that the larger institutions we examined -- University of Alaska-Anchorage, New Jersey Institute of Technology, University of Washington, and West Virginia University Research Corporation -- had generally established appropriate processes for compiling quarterly data in compliance with ARRA reporting requirements, but needed to improve their data quality review processes to prevent errors during the reporting process. We found that the smaller institutions we reviewed -- American Museum of Natural History, California Academy of Sciences, and the Institute of Global Environment and Society did not appear to have a clear understanding of ARRA reporting requirements, which affected the accuracy and completeness of their quarterly data.

We identified four areas where several of the seven NSF recipients were not accurately or completely reporting quarterly data that were important to ARRA accountability and transparency goals. These areas were: number of jobs created, vendor payments, expenditures, and funds received. It is important to note that the exceptions identified during our review occurred primarily because each institution was in the early phases of developing and implementing its ARRA reporting processes.

We also reviewed these institutions' procedures for ensuring that entities that have been suspended or debarred did not receive ARRA funds. While it is important to note that audit testing did not disclose that these institutions awarded ARRA funds to any such entities, we recommended that two of the institutions strengthen their procedures.

Improvements Needed in Effort Reporting and Cost Sharing Processes

A review of federal grant management processes at California State University-Fresno disclosed two areas that were not in compliance with Federal requirements—labor effort reporting and cost sharing. Fresno was using a manual,

paper-based effort reporting system. Given the manual nature of the process and the lack of established controls to validate the accuracy of employee-developed effort reports, there is a high potential for mistakes in the charging of labor costs to NSF and other sponsored projects. The control weaknesses in Fresno's system raised concerns about the reliability of the \$1.2 million of budgeted salary charges to NSF grants.

In addition, Fresno has not adequately tracked its cost sharing commitments as required by Federal grant regulations. Fresno concurred with the findings recommendations and is developing processes to address them.

Financial Statement Audit Reports

Establishing and maintaining sound financial management is a top priority for the federal government because agencies need accurate and timely information to make decisions about budget, policy, and operations. The Chief Financial Officer's Act requires agencies to prepare annual financial statements which must be audited by an independent entity.

NSF Receives Unqualified Opinion on Financial Statements for the Thirteenth Consecutive Year, but Monitoring of Cost Reimbursement Contracts Should be Strengthened

Under a contract with the OIG, Clifton Gunderson LLP conducted an audit of NSF's FY 2010 financial statements. Clifton Gunderson issued an unqualified opinion on the financial statements; however, the auditors repeated a significant deficiency in monitoring of cost reimbursement contracts. NSF obligated \$283 million for cost reimbursement contracts in FY 2010, of which \$204 million in contracts allowed advance payments for three contractors, with the majority going to one contractor. Cost reimbursement contracts are high-risk because of the potential for cost escalation. Advanced payment contracts are a higher risk because contractors are paid before the work has begun. Without improvements in these areas, NSF cannot ensure the reasonableness and accuracy of costs paid on these contracts.

Specifically, the auditors noted issues in the following areas:

- Delays in securing Incurred Cost Audits for NSF's largest and riskiest contracts.
- Problems monitoring the receipt, audit, and approval of Cost Accounting Standards (CAS) disclosure statements and incurred cost submissions.
- Implementation near the end of the fiscal year of contract oversight procedures, resulting in previously noted inadequate and ineffective procedures during the audit period, including the lack of NSF's evaluation of contractors' accounting systems prior to awarding cost reimbursement type contracts.

It is essential for NSF to improve in these areas in order to ensure the reasonableness and accuracy of costs paid on contracts, particularly on contracts considered to be high-risk.

The auditors also noted a Defense Contract Audit Agency report dated September 30, 2010 that questioned the allowability of \$88 million in contingency costs provided for in a proposed budget relating to a construction cooperative agreement proposal with a major NSF awardee. NSF began issuing incremental funding actions on this cooperative agreement proposal in September 2009. The allowability of these contingency costs will be determined during the audit resolution process. The auditors made seven recommendations for NSF to incorporate more comprehensive risk-based policies and procedures for contract monitoring and focus cost surveillance on cost reimbursement contracts. NSF agreed with the recommendations and developed a corrective action plan. We agreed with NSF's proposed corrective actions for the recommendations.

The auditors also issued a Management Letter in conjunction with the financial statement audit report. The purpose of this document is to communicate findings that are not included in the audit report but are important to ensuring a sound overall internal control structure and require management's attention.

The FY 2010 Management Letter identified four findings, some of which incorporated elements of prior years' findings related to NSF's operations and financial reporting controls. The Management Letter reported continuing improvements were needed to NSF's policies for awarding and administering grants. The auditors made several recommendations, including that NSF monitor audit resolution activity to ensure that the deadlines are met.

NSF generally concurred with the recommendations in the Management Letter and is working to resolve the findings. The FY 2011 financial statement audit will evaluate NSF's actions in response to the recommendations.

NSF Corrects Weakness from 2009 FISMA Review, but Improvements Needed in IT Operating Environment and Disaster Recovery Plans for Antarctic Program

The Federal Information Security Management Act (FISMA) requires an annual independent evaluation of an agency's information security program. Under a contract with the OIG, Clifton Gunderson LLP conducted this independent evaluation for FY 2010. Clifton Gunderson reported that NSF has an established information security program and has been proactive in reviewing security controls and in identifying areas to strengthen its controls; however, some improvements are needed. NSF concurred with the report and has made progress in addressing the findings. The agency provided a corrective action plan, which will be reviewed as part of the FY 2011 evaluation.

A-133 Audits

Single Audits Identify Repeat Issues at 14 Percent of Awardees with Findings

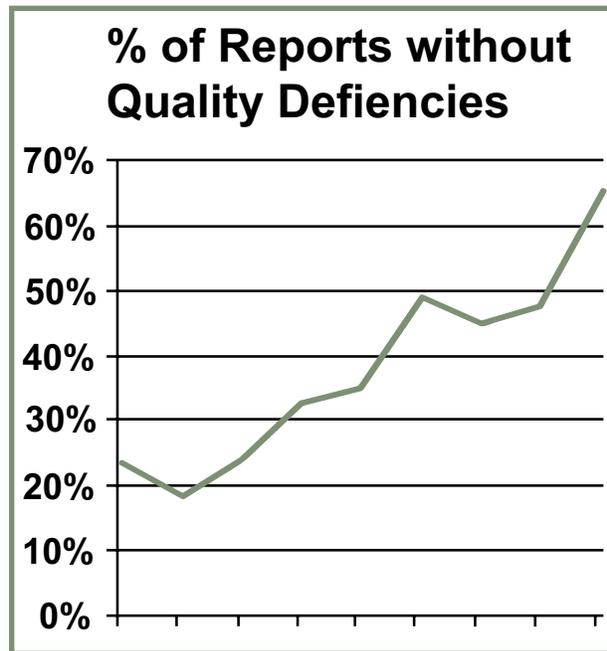
OMB Circular A-133 provides audit requirements for state and local governments, colleges and universities, and non-profit organizations receiving federal awards. Under this Circular, covered entities that expend \$500,000 or more a year in federal awards must obtain an annual organization-wide audit that includes the entity's financial statements and compliance with federal award requirements. Non-federal auditors, such as public accounting firms and state auditors, conduct these single audits. The OIG reviews the resulting audit reports for findings and questioned costs related to NSF awards, and to ensure that the reports comply with the requirements of OMB Circular A-133.

The 151 audit reports reviewed and referred to NSF's Cost Analysis and Audit Resolution (CAAR) Branch this period covered NSF expenditures of \$5 billion during audit years 2007 through 2010, and resulted in 157 findings at 78 NSF awardees. One awardee received a disclaimer of opinion on its financial statements and 12 awardees received qualified or disclaimers of opinions on their compliance with federal grant requirements, including 3 awardees who received qualified opinions on compliance for programs which included NSF ARRA expenditures. At 8 awardees, the auditors reported the same findings for 3 or more consecutive years, including one instance where a finding was reported for the 8th straight year. At an additional 3 awardees, the auditors reported the same findings for 2 consecutive years. The failure of these 11 awardees (14 percent of awardees with findings) to implement corrective actions undermines the integrity of the Single Audit process and could call into question their ability to manage NSF funds. 14 findings identified by the auditors resulted in \$630,000 in questioned costs to NSF awards, of which \$338,000 were caused by lack of adequate supporting documentation of the amounts charged to NSF awards. Awardees' lack of internal controls and noncompliance with federal requirements included: untimely and/or incorrect reporting of time and effort; inadequate support for salary/wages, equipment, travel, and indirect costs charged to awards; inadequate monitoring of subrecipients; inability to prepare the financial statements; and late submission of financial and/or progress reports.

We also examined 57 management letters accompanying the A-133 audit reports and found 7 deficiencies that affected NSF. Auditors issue these letters to identify internal control deficiencies that are not significant enough to include in the audit report, but which could become more serious over time if not addressed. The deficiencies included inadequate tracking, managing, and accounting for NSF costs, and ineffective segregation of duties. These deficiencies affected control processes that are essential to ensuring stewardship of NSF funds and preventing fraud and abuse.

Desk Reviews Continue to Reflect Improvements in Single Audit Quality and Timeliness

The audit findings in A-133 reports are useful to NSF in planning site visits and other post-award monitoring. Because of the importance of A-133 reports to this oversight process, the OIG reviews all reports for which NSF is the cognizant or oversight agency for audit, and provides guidance to awardees and auditors for the improvement of audit quality in future reports. In addition, OIG returns reports that are deemed inadequate to the awardees to work with the audit firms to take corrective action.



We reviewed 72 audit reports¹ for which NSF was the cognizant or oversight agency for audit, and found that 47 (65 percent) fully met federal reporting requirements. As shown in the chart, the percentage of reports without quality deficiencies in this period continues to reflect a positive trend in audit quality and timeliness over the past 4 years.

However, 25 reports reviewed, including 8 reports with ARRA expenditures, contained quality and timeliness issues. The quality issues we identified included 12 reports in which the Schedule of Expenditures of Federal Awards did not provide sufficient information to allow for identification of awards received from non-federal “pass-through” entities or did not adequately describe the significant accounting policies used to prepare the schedule. Of the 17 reports which included audit findings, 10 reports failed to adequately present the required elements of the finding to assist auditee management in correcting the reported deficiency, and 7 reports failed to adequately present the required elements of management’s plan to correct the deficiencies reported. In addition, 7 reports

¹ The audits were conducted by 50 independent public accounting firms.

contained errors on the Data Collection Form (Form SF-SAC), which provides a publicly available summary of the audit results. Finally, 4 reports were submitted after the due date required by OMB Circular A-133.

We contacted the auditors and awardees, as appropriate, for explanations of each of the potential errors. In most cases, the auditors and awardees either provided adequate explanations and/or additional information to demonstrate compliance with federal reporting requirements, or the error did not materially affect the results of the audit. We issued a letter to each auditor and awardee informing them of the results of our review and the specific issues on which to work during future audits to improve the quality and reliability of the report.

Quality Control Review Demonstrates Compliance with Requirements for ARRA-related Single Audit

We completed a quality control review of the 2009 single audit performed at Michigan State University by Plante and Moran, PLLC, a public accounting firm. Michigan State University expended \$55 million in direct NSF expenditures during the year. The audit was selected for review based on issues found during the desk review related to the reporting of ARRA expenditures. We found that the auditors properly planned, performed, and documented their work in accordance with the requirements of Generally Accepted Government Auditing Standards and OMB Circular A-133.

Investigations

CIVIL AND CRIMINAL INVESTIGATIONS

We investigate violations of federal civil and criminal statutes by applicants for and recipients of NSF funds, as well as NSF employees and contractors. When we find substantial evidence of wrongdoing, we refer cases to the Department of Justice for prosecution and recommend administrative action by NSF in appropriate circumstances.

Our investigations yielded significant results during this reporting period, including the president of a research company being debarred for ten years and being required to pay over \$105,000 in restitution after pleading guilty to submitting false claims, and the indictments of a former school superintendent and two professors for fraud involving NSF grants.

False Claims and False Statements by Company Officials Result in Felony Convictions and Ten-Year Debarments

Our investigation involving the president and the executive director of a Massachusetts research and evaluation company, which had received a number of NSF grants, resulted in the president pleading guilty to submitting false claims. He was required to pay over \$105,000 in restitution and was sentenced to a month in prison, nine months home detention, and two years of supervised release. The executive director pled guilty to submitting false statements, was required to pay over \$5,000 in restitution, and was sentenced to five years probation. Both executives and the company agreed to be debarred for ten years.

We had previously investigated the company and found that its accounting system failed to accurately track grant expenditures.² At that time, NSF followed our recommendation to put the company on a cost-reimbursement plan, requiring the executives to certify to the accuracy of information about incurred expenses provided to NSF each month. Thereafter, on a site visit, we discovered that the executives were instructing their employees to bill time to NSF projects regardless of how much time they spent on those projects. Subsequent investigation revealed that the president had also instructed a vendor to bill NSF for non-NSF charges, and then submitted such false charges to NSF for payment. In response to our recommendation, NSF terminated the company's grant, resulting in more than \$800,000 being available for other projects.

² September 2003 Semiannual Report, p.33.

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Former NSF Senior Executive Convicted of Submitting Fraudulent Financial Disclosure and Tax Return

A former NSF Senior Executive Service employee pled guilty to felony charges for making false statements on his NSF financial disclosure reports and for filing a false federal tax return. While he was a senior executive at NSF, this individual was also secretary general for a non-profit organization that promoted engineering. Although he did not receive a salary from the non-profit, he could be reimbursed for business expenses related to the non-profit.

Our joint investigation with the IRS found that this individual paid himself approximately \$388,500 from the nonprofit over five years and that he used more than \$100,000 of this money for personal purchases such as family vacations and gifts, fitness club memberships, a bidet, monthly parking near NSF, numerous restaurant meals and daily gourmet coffee during NSF work hours, home renovations, and a Combined Federal Campaign charitable contribution.

Further, he did not disclose the income on his annual financial disclosure reports to NSF, and he affirmatively misrepresented the income on those forms as reimbursements for business expenses. In addition, he knowingly failed to include the nonprofit payments as income on his tax returns over five years. He resigned from NSF during our investigation, and is scheduled to be sentenced in May 2011.

Former School Superintendent and Two Former University Professors Indicted for Fraud Related to NSF and Department of Education Grants

Three individuals were indicted in California for fraud related to NSF and Department of Education grants to support elementary school science and math education. The first indictment charged a former school superintendent and two former university professors with 16 counts of conspiring to enrich themselves by unlawfully diverting federal grant money to their own use, mail fraud, and theft from programs receiving federal funds.

The first indictment alleged that the former superintendent used his position to retain an evaluation company owned by one of the professors, and that he then approved \$395,000 in payments to the company from federal grant funds. The company then allegedly paid the superintendent \$90,000 and paid \$305,000 to the two professors. Further, the indictment alleged that the superintendent approved subawards from NSF and Department of Education grants to the professors' university, and the professors then paid him over \$100,000 from these sub-awards. There is no evidence that the superintendent did any work for these payments.

The second indictment charged the superintendent with 32 counts of mail and wire fraud for obtaining multiple duplicate travel reimbursements from the school district and federal grants, and with falsifying data regarding students' standardized test results. The superintendent had a subaward from a \$5.4 million NSF grant to a university to assess an innovative teaching methodology

he claimed to have created. He allegedly: falsified his research design and protocols; fabricated results for a non-existent “control group” of students; and falsified the data for the students who were taught with his methodology to make it appear to be more successful.

University Returns \$100,598 for Mischarges

Our review of a grant in which the grantee requested a no-cost extension that NSF denied, disclosed that \$100,598 was drawn down nine months after the expiration of the grant. A no-cost extension allows additional time beyond the established expiration date for an award for completion of the original work within the funds already made available.

The university determined that the post-expiration charges constituted salary for effort by the PI that was unrelated to the NSF project, and the university returned the funds to NSF. The university is also updating its procedures and strengthening its internal controls to prevent future such unallowable payments.

This is our third substantiated investigation involving improper expenditures following denied no-cost extensions. In one, the institution disregarded NSF’s express denial of a no-cost extension and expended remaining grant funds improperly, resulting in DOJ pursuing an action under the False Claims Act that settled for \$52,150, implementation of a compliance plan, and debarment of the PI.³ In the other case, the PI expended funds for costs unrelated to the NSF grant, resulting in the institution repaying \$19,736 to NSF.⁴

Company Wrongly Spends \$100,000 of ARRA Funds

A Connecticut company improperly accepted an NSF Small Business Technology Transfer grant while it was under a “Notice of Proposed Debarment” from another agency. While under this Notice, the company was ineligible to receive grants from any federal agency. The company then spent \$100,000 of the grant, which was funded under the American Recovery and Reinvestment Act (ARRA).

NSF agreed with our recommendation to terminate the grant, resulting in \$50,000 funds put to better use. We referred this matter to DOJ to seek to recover the funds the company had already spent. Because the company did not take any steps to repay the \$100,000, and because of our ongoing concerns with the company’s present responsibility, we recommended that NSF debar the company for three years. NSF agreed with our recommendation and issued a notice of proposed debarment. The company contested the proposed debarment, and NSF’s final decision is pending

³ March 2007 Semiannual Report, pp.29-30.

⁴ March 2010 Semiannual Report, p.10.

Former PI Suspended Government-wide Pending Resolution of Investigation

During the course of an ongoing investigation, we have uncovered evidence that a PI at a university improperly charged significant personal purchases to two NSF grants. He lied to his supervisor to justify the purchases as appropriate grant expenses. The university dismissed the PI, and he then formed a company and submitted grant proposals on behalf of that company to NSF and another federal agency. Based on our recommendation, NSF suspended the former PI government-wide in order to prevent him from obtaining and expending federal funds for the duration of this active criminal investigation.

NSF Program Official Accused of Undue Influence and Travel Fraud

An NSF program officer, who was working in a temporary part-time position under the Intergovernmental Personnel Act (IPA), took advantage of his position to influence funding of proposals to his laboratory at his home university in California. After an unsuccessful attempt to involve himself in the merit review process for a proposal submitted by his postdoctoral researcher, he facilitated funding of a second proposal by that postdoc. Following this incident, his division implemented special conflict-of-interests procedures for him. It was also alleged that the IPA committed travel fraud. We coordinated our investigation with his university and found that he received duplicative reimbursements from his university (through a small business he owns), and two other companies for travel paid for by NSF. Further, he had not disclosed his financial interest in these companies to either NSF or his university.

Following our recommendation, NSF terminated his IPA grant. The university referred the IPA to its county district attorney for prosecution, and that case is pending.

Three Universities Return Funds to NSF for Unallowable Charges

In the first case, a visiting scientist was receiving a salary from an NSF grant to a university, while also receiving pay from his home institution. The visiting scientist had increased his work on the grant after the co-PI left the university and received additional salary payments from the grant, while the university was unaware that he was also receiving salary from his home institution. The university determined that its failure to follow its own procedures caused it to overcharge the NSF grant for unallowable salary, fringe benefits, and indirect costs totaling \$93,324. The university returned this money to NSF and implemented administrative changes to strengthen its internal controls to prevent such future unallowable salary payments.

In the second case, a university violated the terms of an NSF grant limiting scholarship payments to \$10,000 annually. The university acknowledged scholarship payments in excess of the \$10,000 limit, resulting in a \$54,250 overcharge to NSF. As a result of the investigation, the university returned the funds to NSF and took corrective action to ensure compliance with future NSF grants.

In the third case, a Guam university inaccurately charged salary expenses to an NSF grant. The university returned \$36,863 to NSF and took corrective action to ensure compliance with future NSF grants.

NSF Takes Action on Two High-Risk Individuals

We referred the results of two investigations of high-risk individuals to NSF for administrative action. In the first, a PI on two NSF grants inappropriately charged salary and other personal expenses to both university and NSF grants. As a result, the university fired the PI and replaced him as PI on the NSF grants. We recommended that NSF debar the former PI for one year; however, NSF entered into a one-year administrative agreement, requiring him to: (1) attend an ethics training course; (2) notify NSF's Office of General Counsel within five days of submission of any NSF proposals; (3) obtain a supervisor's signature on all expenses charged to an NSF grant; and (4) submit a written report at the end of the year certifying his compliance with the agreement.

In the second case, two senior personnel at a university had been prosecuted by local authorities for use of \$286,000 of university funds for personal purposes. One of the individuals was convicted and imprisoned. Because the second individual had received a deferred adjudication (including a substantial restitution obligation), and had become eligible for federal grants and contracts by joining the faculty at another university, we questioned her present responsibility for handling federal funds and recommended that NSF debar her for three years.

NSF entered into a three-year administrative agreement requiring her to: (1) take an ethics course annually the next two years; (2) make an annual report to NSF of training taken and proposals (if any) submitted; (3) abide by certain conditions, including making note of the existence of the administrative agreement in grant applications, obtaining university approval of any expenditure she makes as a PI, and agreeing that future grants will be administered on a reimbursable basis rather than through advance payments; and (4) not serve as an NSF reviewer for three years.

RESEARCH MISCONDUCT INVESTIGATIONS

Research misconduct damages the research enterprise, is a misuse of public funds, and undermines the trust of citizens in government-funded research. It is imperative to the integrity of research funded with taxpayer dollars that NSF funded researchers carry out their projects with the highest ethical standards. For these reasons, pursuing allegations of research misconduct by NSF-funded researchers continues to be a focus of our investigative work. In recent years, we have seen a significant rise in the number of substantive allegations of research misconduct associated with NSF proposals and grants. The NSF definition of research misconduct encompasses fabrication, falsification, and plagiarism.

During this reporting period, we referred nine cases to NSF which are summarized below. NSF's decisions are pending in seven of the nine cases.

Graduate Student Intentionally Falsifies Data and Results

A graduate student at a Vermont university conducting NSF-funded research intentionally falsified data and results, initially withholding the truth regarding her actions from her advisor, the PI. The student, who received NSF support as a graduate research assistant for three summers, admitted her misconduct only when confronted by the PI, who could not recreate her data. She had falsified data and research materials after she inadvertently destroyed her test material.

The university investigation concluded that the student intentionally falsified data, and dismissed her from the university. We recommended that NSF: make a finding of research misconduct against the student; send her a letter of reprimand; debar her for three years; and require certifications and assurances for three years following the debarment period. NSF's decision is pending.

Lab Technician Fabricates Data in Biomedical Study

A laboratory technician at an Illinois university fabricated data for a series of assay measurements. The technician purposefully altered the data he provided to his colleagues to support the desired conclusion. These data appeared in a publication as well as a proposal submitted to NSF. Based on the university's finding of research misconduct, as well as our additional investigation, we confirmed that the technician intentionally committed research misconduct.

We recommended that NSF: make a finding of research misconduct; send a letter of reprimand; debar the individual for three years; require certifications and assurances for three years after debarment ends; prohibit service as a reviewer of NSF proposals for six years; and require completion of a course in research ethics within one year of the finding of research misconduct. NSF agreed with our recommendations and proposed debarment of the individual. NSF's final actions are pending.

Seven Plagiarism Cases Are Referred to NSF for Adjudication

Plagiarism, defined as "the appropriation of another person's ideas, processes, results or words without giving appropriate credit,"⁵ is a direct assault upon NSF's expectation that proposals submitted to the agency will uphold scholarly standards. Plagiarism in a proposal serves to misrepresent the PI's body of knowledge and research experience, and therefore inaccurately portrays the proposal's respective merit to the reviewers and program officers. As such, it provides a flawed basis upon which to make a funding decision. Plagiarism debases the research community's faith in the validity of the research proposed and ultimately erodes the integrity of the research community.

⁵ 45 C.F.R. § 689.1(a)(3).

In each of the seven plagiarism cases discussed below, we recommended that NSF make a finding of research misconduct, issue a letter of reprimand, and require completion of a course on research ethics.⁶ We also made additional recommendations as described below—except as noted, NSF’s decision is pending in each case.

PIs Blame Students for Their Plagiarism

Our research misconduct investigations find that faculty members faced with a plagiarism allegation frequently blame their students. For example, in one case, a PI claimed that he had over 80 undergraduate students involved in drafting the proposal making it difficult to determine who was responsible for the plagiarism. In another case, a PI claimed that he had incorporated well-written text he received from his graduate student—the university investigation committee observed that the student had “weak English skills,” and concluded that, even if the PI’s story was true, he was still responsible for the plagiarism because it was “inexplicable that [the PI] did not review and/or edit what the student wrote.” In another case, a senior professor falsely accused an undergraduate student of copying text, from a proposal the scientist had received for confidential peer review, into the professor’s NSF proposal. Our investigation determined that, at the time the proposal was written, the student did not work with the professor, was not registered with the university, and had in fact returned to his native country.

All too often students become a convenient scapegoat for faculty members. We remind PIs and co-PIs that the individuals listed as investigators on the proposals and coauthors on the articles are ultimately responsible for the content, and they should thoroughly review any materials provided by students.

- A faculty member at an Indiana university copied text into two NSF proposals, using sources that included prior proposals from her faculty colleagues. The university concluded that the faculty member committed research misconduct, required training in the responsible conduct of research (RCR), and instituted a three-year period in which the faculty member’s external proposals must be reviewed before submission. We agreed with the university’s conclusions and recommended that NSF require three years of certifications and assurances, and prohibit service as an NSF reviewer.
- A university administrator knowingly copied several pages of text from an NSF-awarded proposal into his proposal for a nearly identical project. The administrator admitted to the copying and asserted that he had obtained the source document at a grant writing workshop. His co-PIs were unaware of the copying when they edited the text, resulting in only minor changes from the original text. The university found that the administrator committed plagiarism, concluded that it was just “poor judgment,” restricted his ability to apply for a promotion, removed him from his current position as a

⁶ If the university required completion of such a course, we recommended that NSF require submission of a certification that the course was in fact completed.

departmental administrator, and required his proposals to be reviewed by an internal committee for three years. We concluded that the administrator knowingly committed plagiarism, but his actions appeared to be an isolated incident, against which we balanced the significance of the administrator's position within the university and on active NSF grants. We recommended NSF debar him for one year, require certifications and assurances for three years following the debarment, and ban him from serving NSF as a reviewer, advisor, or consultant.

- A PI at an Alabama university plagiarized substantive amounts of text from six source documents into three NSF proposals. Concerning the proposal containing the largest amount of copied text, the PI contended that reference information was lost during the editing process. The university concluded that the PI recklessly committed plagiarism, a significant departure from accepted practices in the research community. Following the university's investigation, we noted that, contrary to the PI's claims, the draft proposal did not contain reference information. We concurred with the university's assessment and recommended that NSF require certifications and assurances for two years.
- A professor at a Mississippi university plagiarized text into three unfunded proposals submitted to NSF. During the university investigation, the PI claimed she was ignorant of the definition of research misconduct in the NSF regulation; however, the university concluded that she committed research misconduct, stating that "ignorance is no defense against a charge of plagiarism," and recommended that her employment be terminated. We agreed with the university's conclusions and recommended that NSF require certifications and assurances for two years.
- A professor from an Alabama university plagiarized text, a figure, and references into two proposals he submitted to NSF. He asserted that the copied material in one of the proposals was a former student's Ph.D. thesis and claimed the student had provided the material to the professor's research group. The former student denied the professor's claim.

The university concluded that the professor recklessly committed plagiarism, sent him a letter of reprimand, and required him to write letters apologizing to his former student and NSF program officers, attend an ethics training course and complete RCR certifications, design a research integrity and plagiarism workshop for university faculty and researchers, and resign from activity with university affiliated research for two years, among other things. We concurred with the university's findings and recommended that NSF require certifications and assurances for a year, and bar the professor from serving NSF as a reviewer for one year.

- An assistant professor at a Florida university plagiarized text, figures, and references into two proposals he submitted to NSF. During the inquiry, he said that because the proposals were "highly interdisciplinary," he had undergraduate and graduate students, and postdoctoral researchers, conduct the background literature search and summarize the results into a draft, which he included in the introductions to both proposals.

The university concluded that the PI committed plagiarism and took the following actions: sent the PI a letter of reprimand; required him to complete ethics training immediately and every three years while affiliated with the university; required him to ensure that his research team completes regular RCR training; informed him that future misconduct could result in termination or other sanctions; and committed to ensuring that all of the his proposals be reviewed, for at least three years, by his director and department chair prior to submission. We accepted the university's conclusions and recommended that NSF require certifications and assurances for one year. NSF concurred with our recommendations.

- A PI who was an assistant professor at a Texas university plagiarized text, a figure, and references into one proposal he submitted to NSF. The university's investigation concluded that the PI committed plagiarism, and the university required the PI to: complete a continuing education course in professional ethics before submitting future proposals or papers; sign affidavits for two years affirming that his proposal and peer-reviewed publication submissions contain no plagiarism; use plagiarism detection software to analyze two publications on which he was sole author and submit his analysis to them; and certify to administrators that there has been no knowing or intentional plagiarism in his publications. We adopted the report and its findings, and NSF concurred with our recommendations.

Actions by NSF Management on Previously Reported Research Misconduct Investigations

NSF has taken administrative action to address our recommendations on five research misconduct cases reported in our September 2010 report. In each case, NSF made a finding of research misconduct, issued a letter of reprimand, and required completion of a course in ethics training. NSF also took additional significant actions in response to our recommendations as summarized below.

- NSF debarred a graduate student for three years as a result of her data fabrication, required certifications and assurances for three years after debarment ends, and prohibited service as a reviewer of NSF proposals for six years.⁷
- NSF debarred a California university professor for one year for his plagiarism and violation of the confidentiality of peer review. NSF also required certifications and assurances for three years after debarment ends, and prohibited service as a reviewer of NSF proposals for three years.⁸
- NSF required a Mississippi university professor who plagiarized to provide certifications and assurances for one year.⁹
- NSF required a Virginia university professor who plagiarized to provide certifications and assurances for three years.¹⁰

⁷ September 2010 Semiannual Report, p.11.

⁸ September 2010 Semiannual Report, pp.11-12.

⁹ September 2010 Semiannual Report, p.13.

¹⁰ September 2010 Semiannual Report, p.12.

- NSF required a North Carolina university professor who plagiarized to provide certifications and assurances for three years and prohibited the professor from serving as a reviewer for three years.¹¹
- NSF required a California university professor who plagiarized to provide certifications and assurances for two years and prohibited the professor from servicing as a reviewer for three years.¹²

MANAGEMENT IMPLICATION REPORTS

Review of NSF Refreshment Purchases for Meetings

Our review of charges on NSF purchase cards for refreshments for merit review panelists and others attending meetings at NSF identified nearly \$500,000 in food-related payments in both 2008 and 2009.¹³ NSF pays for these refreshments out of program funds, in addition to the flat-rate or per diem compensation it provides to attendees to cover all of their expenses including meals. The flat rate compensation is \$480 for each meeting day and \$280 for each travel day to cover an honorarium, hotel, local travel, and all meals. The per diem rate includes \$71 for meals and incidentals, in addition to lodging and travel expenses.

We examined expenditures associated with the substantial flow of food and beverages daily into NSF from a wide variety of vendors to determine the potential for fraud, waste, and abuse. Approximately a quarter of the 110 purchases that we reviewed exhibited at least one typical fraud indicator, including late pre-approvals, inconsistent pre-approvals and invoices, late payment of invoices, hand-written changes to otherwise printed invoices, white-out on invoices, or late changes to already placed orders. In addition, we identified an NSF staff member who caused her father's company to receive the refreshment orders for three review panel meetings, violating NSF conflict of interests rules.

Pursuant to guidance from the General Services Administration (GSA), prices paid by agencies for refreshments must be fair and reasonable, and purchases must be equitably distributed among suppliers. We found that there is no Foundation-level oversight or coordination of refreshment purchases, no general definition of "reasonable" refreshment purchases, no uniform guidance to ensure consistent refreshment-purchase decision making within and across NSF divisions, and no purchase card training specific to refreshment purchases. As a result, refreshment purchase practices vary widely across the Foundation. While the majority of NSF organizations purchase food for panels and other activities from vendors in the area near NSF in Arlington, for example, nearly a quarter of such purchases were made from more distant vendors, which sometimes added additional delivery charges. Other situations our analysis revealed included: wide ranges in per-person prices paid for similar products; instances in which purchases were made of substantial food

¹¹ September 2010 Semiannual Report, p.12.

¹² September 2010 Semiannual Report, pp.12-13.

¹³ The Federal Travel Regulation states that federal agencies may provide light refreshments to agency employees attending an official conference. NSF's Office of General Counsel advises that meetings of review panels, advisory committees and Committees of Visitors fall within the definition of a conference.

that could be viewed as a meal and not light refreshments; cases where offices purchased virtually all refreshments from a single vendor; and some purchases that appeared to directly contravene GSA and NSF guidance.

Although we ultimately did not find fraud in the transactions we examined, the large number of indicators and divergent or inconsistent practices we identified strongly suggests that NSF would benefit from a more centralized purchasing process. We recommended that NSF assess whether it is a prudent use of federal funds to spend nearly a half-million dollars a year to provide extensive mid-morning and mid-afternoon refreshments for meeting attendees, in addition to the compensation they are receiving. If NSF chooses to continue providing food, we recommended that the agency centralize its provision of refreshments to improve control over the process and ensure it is carried out reasonably, consistently, and responsibly.

In response, NSF explained that it believes it is crucial that panels operate in an environment that maximizes thoughtful and efficient deliberation, and that light refreshment helps maintain such an environment. Accordingly, NSF decided to implement our second recommendation by taking the following specific steps:

- Set a reasonable cost ceiling per panelist per day;
- Reissue guidance (including keeping records, ensuring price reasonableness, and rotating vendors when practical, consistent with FAR requirements) to those responsible for ordering light refreshment to ensure menus are appropriate and light refreshment is not used to replace meals—and actively monitor compliance with the guidance;
- Explore the costs and benefits associated with further centralization of purchasing light refreshments, and establish fully centralized purchases if determined to be advantageous; and
- Generally continue to review agency supply and service requirements to determine strategies for cost savings through consolidations.

We will monitor NSF's execution of these practices.

Implementation of New Strategies and Practices for NSF OIG Hotline

The Department of Homeland Security OIG issued a report, adopted by the Council of the Inspectors General on Integrity and Efficiency, on recommended practices for OIG Hotlines.¹⁴ We implemented several of the report's recommendations. For example, we developed questions to help ensure that we obtain pertinent information from complainants to initiate a thorough investigation. We also implemented an email auto-reply for allegations received via our Hotline e-mail account¹⁵ as well as the Hotline Intake Form on our website,¹⁶ to inform complainants that our office has received their allegations.

¹⁴ www.ignet.gov/randp/ighotline1010.pdf.

¹⁵ oig@nsf.gov.

¹⁶ www.nsf.gov/oig/hotline_form.jsp.

Follow-Up from Previous MIRs

NSF Forms Task Group to Address Travel Expenditures by Temporary Program Staff

Our review of Independent Research/Development (IR/D) travel by temporary NSF program staff¹⁷ determined that the participants used IR/D funds for trips and conferences not referenced in the plans, took many more trips or longer trips than proposed, failed to provide detail on conference travel, used NSF funds for activities unrelated to the IR/D plan, and spent more on travel than proposed. In response to our review, NSF formed a task group to address the IR/D program and sent an agency-wide bulletin reminding staff to adhere to the current IR/D policies and procedures. We will monitor NSF's execution of these practices.

NSF Takes Steps to Address Recommendations in Response to Review of Oversight Plans for Projects Involving International Subawardees

We reviewed Oversight Plans for institutions collaborating with international subawardees in an NSF program.¹⁸ The Oversight Plans required the lead institution to ensure subawardee compliance with a variety of requirements including: financial accountability, biological oversight, Bioterrorism Act, and RCR. Our review of the program's proposals and recommended grants determined that the Plans generally did not substantively address all of the requirements and did not reflect collaboration between the lead institution and subawardee in creating the Plans. We recommended that NSF require the collaborative development of Oversight Plans, increase awareness concerning RCR training and research misconduct reporting, and develop more detailed guidance for Oversight Plans in future international cooperative grants.

NSF agreed with our recommendations and stated that it will: modify language in the solicitation to ensure collaborative Oversight Plans as the program matures; include language in the 2012 program solicitation providing additional guidance to applicants; require a signed agreement in post-panel negotiations; provide webcast workshops on institutional responsibilities; and, encourage grantees to develop Oversight Plans with subawardees and explain how they will address RCR training and research misconduct enforcement in annual reports. We will monitor NSF's execution of these practices.

¹⁷ September 2010 Semiannual Report, pp.14-15.

¹⁸ September 2010 Semiannual Report, p.14.

OIG Management Activities

Congressional Testimony

In February 2011, the Inspector General testified before the House Appropriations Commerce, Justice, Science and Related Agencies Subcommittee on oversight of NSF. The Inspector General's testimony focused on two of the six top management challenges facing NSF—improving grant administration and strengthening contract administration as well as the emerging challenge of control of contingencies in budgets for large construction projects. The testimony also discussed how NSF spends money internally for its own operations and activities.

With regard to the first challenge of improving grant administration, in 2010 NSF funded more than 55,000 active awards at over 2,100 institutions. Since most of those awards were made as grants, it is essential that NSF's grants management process be robust enough to ensure the highest level of accountability and stewardship. Our audit work has found that NSF needs to improve its oversight of awardees, and NSF has taken steps to address this concern including establishing an Award Monitoring and Business Assistance Program (AMBAP) to provide oversight. However, in 2010, only about 7 percent of institutions receiving NSF funding received an AMBAP desk review or site visit. Given the breadth of our mission, we can only review a small number of awards each year. To better target our oversight, our office is developing a data analytic capacity and improved forensic financial skills to better identify high risk awards; expanding outreach to help ensure that awardees understand the rules that apply to them; and focusing efforts on proactive reviews to help identify grant fraud that might otherwise be undetected.

With regard to the second challenge of strengthening contract administration, we have placed particular emphasis on NSF's management of cost-reimbursement contracts because of the risk associated with this type of contract; the substantial amount of money NSF expends annually on contracts of this type; and the significant deficiency in the monitoring of cost reimbursement contracts cited in the Foundation's FY 2009 and FY 2010 financial statement audits. Cost reimbursement contracts are considered high risk because of the potential for cost escalation and because the contractor's costs for performance are paid regardless of whether work is completed. Compounding this risk, of the amounts NSF obligated for cost reimbursement contracts in 2010, over 70 percent (or \$204 million) was on contracts that permit advance payments to three of NSF's largest contractors.

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Recent audits of cooperative agreement proposals for large construction projects found that awardees' budgets contained more than \$150 million of unallowable contingency costs and that no barriers existed to prevent awardees from drawing down contingency funds in advance and using these funds for purposes other than contingencies.

With regard to how NSF spends money internally for its operations and activities, we recently examined expenditures in two areas, refreshments provided to individuals participating in meetings at NSF and travel expenses under NSF's Independent Research and Development program—both of which might yield cost savings with additional oversight and control.

For NSF to achieve its mission, it must spend its research funds in the most effective and efficient manner while maintaining the highest level of accountability over taxpayer dollars. The OIG will continue to utilize the full range of audit and investigative resources to exercise robust oversight of NSF's stewardship of federal funds and to safeguard the integrity of the Foundation's operations.

Outreach

Outreach is a vital tool we use in accomplishing our mission to prevent and detect fraud, waste, and abuse and to promote economy, efficiency, and effectiveness in NSF programs and operations. To this end, we undertake a number of proactive activities, such as education of NSF awardees about their financial and programmatic responsibilities.

In August 2009 the NSF Inspector General testified before the Senate Committee on Commerce, Science and Transportation on the subject of waste, fraud, and abuse in the SBIR/STTR Programs.¹⁹ Since that time, the Inspector General has continued to address concerns expressed by members of Congress regarding prevention and detection of fraud in those programs. The Inspector General and the then Acting IG at NASA created an SBIR working group under the auspices of the Council of Inspectors General on Integrity and Efficiency (CIGIE) Misconduct in Research Working Group. Based on the Working Group's recommendations, the Small Business Administration is making improvements to the government database of SBIR/STTR awards, *TECH-Net*, to better assist in the identification and analysis of companies under examination or investigation. The Working Group is also providing feedback to Congress on portions of the legislation to renew the SBIR and STTR programs that affect the IG community as well as providing insights on how to combat fraud within the programs. The Working Group is planning a government-wide SBIR-focused "summit" in June 2011 for agency officials and IG personnel, which will include discussions about various initiatives to ensure integrity, improve oversight, and enhance fraud prevention within the SBIR program. Another significant component of this effort is an agent-level group of special agents from thirteen federal agencies, led by NSF and Department of Energy OIG, which actively shares information on ongoing cases, lessons learned, and best practices related to SBIR investigations.

¹⁹ September 2010 Semiannual Report, pp.27-28.

In addition, the NSF IG is leading a Suspension and Debarment (S&D) Working Group with the Federal Housing Finance Agency IG, under the auspices of the CIGIE Investigations Committee. This group, which consists of representatives from the Recovery Accountability and Transparency Board (RATB) and eight other OIGs, is focused on increasing knowledge and use of S&D to protect government funds against fraud. In the past six months, the group conducted two surveys, one of the IG community and one of agency S&D officials. The results of these surveys will be used to begin a dialogue with the OIG community and among the RATB, OIGs, and S&D officials at agencies receiving Recovery Act funds about ways to enhance use of S&D in Recovery Act awards and other awards involving significant wrongdoing. The results will also inform the Working Group's efforts to increase and enhance the use of S&D across the government through education and outreach. Finally, in October, the Working Group sponsored a workshop attended by approximately 350 investigators, auditors, Inspectors General, and S&D officials, from over 25 agencies, which included presentations on significant cases and best practices. Presentations are available at: www.nsf.gov/oig/SD2010.jsp.

In other outreach events, the Inspector General addressed several groups, including the National Academy of Science Federal Demonstration Project Conference, highlighting recent audits and investigations and providing recommendations about how NSF recipients can best protect the funds they receive. The Inspector General also spoke with students at the Government Affairs Institute at Georgetown University on the functions of an OIG, focusing particularly on an IG's interactions with agency management and Congress.

Our extensive experience in investigating research misconduct matters is well-recognized in the community, and we continue to receive numerous requests from universities and others in the research community to provide training on the prevention, detection, and investigation of research misconduct. We also continue to focus on promoting the value of institutionalized compliance-based practices and programs throughout the research community. For example, we continue to address NSF's Responsible Conduct of Research (RCR) requirements to institutions as these requirements are key components to improving the development of individual and institutional integrity in research and to more fully developing integrity in future generations of scientists.

Our outreach in these areas during the past six months included the Assistant Inspector General for Investigations' keynote address at a workshop, "Research Integrity in a Changing World" conducted by the American Association for the Advancement of Science and her keynote address at the Association for Practical and Professional Ethics. Our office utilizes these events to educate entities about the importance of the RCR requirements and to encourage them to meet these requirements.

We continue to be involved in extensive outreach activities covering a range of issues such as grant fraud, research integrity and misconduct, compliance programs, and projects related to the Recovery Accountability and Transparency Board. Presentations on these issues were provided at the National Procurement and Grant Fraud Conference, the Federal Audit Executive Council, the National Council of University Research Administrators, the Society of

Research Administrators International, the American Association of Community Colleges, and the Council of Graduate Schools. Staff also participated in interagency efforts that included exchanges on data mining techniques and the Interagency Fraud and Risk Data Mining Group.

Investigation Closeout Memoranda Now Available Online

Our investigation closeout memoranda are now publicly available on our website at: [nsf.gov/oig/closeouts.jsp](https://www.nsf.gov/oig/closeouts.jsp). These memos describe the nature of the investigation and whether it resulted in administrative, civil, or criminal action. The memos are organized into searchable categories such as grant fraud, contractor fraud, computer intrusion, and PI misconduct.

Statistical Data

Audit Data

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	\$88,184,480
B.	Recommendations that were issued during the reporting period	\$62,338,903
C.	Adjustments related to prior recommendations	\$0
Subtotal of A+B+C		\$150,523,383
D.	For which a management decision was made during the reporting period	\$0
	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	\$0
E.	For which no management decision had been made by the end of the reporting period	\$150,523,383
For which no management decision was made within 6 months of issuance		\$88,184,480

Audit Reports Issued with Questioned Costs

		Number of Reports	Questioned Costs	Unsupported Costs
A.	For which no management decision has been made by the commencement of the reporting period	43	\$42,777,448*	\$4,058,391
B.	That were issued during the reporting period	17	\$5,017,806	\$3,011,092
C.	Adjustment related to prior recommendations	1	\$(560,376)**	\$0
Subtotal of A+B+C			\$47,234,878	\$7,069,483
D.	For which a management decision was made during the reporting period	20	\$1,445,432	\$1,072,771
	i) dollar value of disallowed costs	N/A	\$718,572	N/A
	ii) dollar value of costs not disallowed	N/A	\$726,860	N/A
E.	For which no management decision had been made by the end of the reporting period	39	\$45,789,446	\$5,996,712
	For which no management decision was made within 6 months of issuance	24	\$40,849,403	\$3,063,378

* We are reducing the questioned costs in A above because questioned costs were previously partially resolved in two reports. Specifically, in prior periods: 1) \$12,490,377 of the \$33,425,115 questioned costs were resolved on OIG Report No. 05-1-005, and all \$12,490,377 of those costs were not disallowed; and 2) \$8,941,231 of the \$22,112,521 of questioned costs on OIG Report No. 06-1-023 were resolved, and of those costs, \$8,802,474 were not disallowed and \$138,757 were disallowed.

** As of September 8, 2010, \$560,376, the total amount of questioned costs on OIG Report No. 07-1-015, were resolved and all those costs were disallowed.

Status of Recommendations that Involve Internal NSF Management Operations

Open Recommendations (as of 03/31/2011)	
Recommendations Open at the Beginning of the Reporting Period	42
New Recommendations Made During Reporting Period	23
Total Recommendations to be Addressed	65
Management Resolution of Recommendations ¹	
Awaiting Resolution	17
Resolved Consistent With OIG Recommendations	48
Management Decision That No Action is Required	0
Final Action on OIG Recommendations ²	
Final Action Completed	15
Recommendations Open at End of Period	50

Aging of Open Recommendations

Awaiting Management Resolution:	
0 through 6 months	16
7 through 12 months	0
More than 12 months	1
Awaiting Final Action After Resolution	
0 through 6 months	7
7 through 12 months	2
More than 12 months	24

¹ "Management Resolution" occurs when the OIG and NSF management agree on the corrective action plan that will be implemented in response to the audit recommendation.

² "Final Action" occurs when management has completed all actions it agreed to in the correction action plan.

List of Reports

NSF and CPA-Performed Reviews

Report Number	Subject	Questioned Costs	Unsupported Costs	Better Use of Funds
11-1-001	REVISED ATST Price Proposal	\$0	\$0	\$62,388,903
11-1-002	William Marsh Rice University	\$0	\$0	\$0
11-1-003	ARRA Data- University of Alaska Anchorage	\$0	\$0	\$0
11-1-004	ARRA New Jersey Institute of Technology	\$0	\$0	\$0
11-1-005	ARRA West Virginia University Research Corporation	\$0	\$0	\$0
11-1-006	ARRA IGES Institute of Global Environment & Society, Inc.	\$0	\$0	\$0
11-1-007	ARRA American Museum of Natural History	\$3,072	\$0	\$0
11-1-008	ARRA California Academy of Sciences	\$0	\$0	\$0
11-1-009	Ohio State University Research Foundation	\$1,736,068	\$490,129	\$0
11-1-010	AURA Accounting System	\$0	\$0	\$0
11-1-011	NCCU Internal Control Review for North Carolina Central University	\$351,340	\$268,628	\$0
11-1-012	Trustees of Boston University	\$412,400	\$47,486	\$0
11-1-013	Louisiana Board of Regents	\$1,884,950	\$1,867,254	\$0
11-1-014	IRIS Incurred Cost	\$0	\$0	\$0
11-1-015	ARRA University of Washington	\$0	\$0	\$0
11-1-016	AUI Internal Control	\$0	\$0	\$0
11-2-001	NSF's FY2010 Financial Statement Audit	\$0	\$0	\$0
11-2-002	NSF FY2010 Special Purpose Financial Statement	\$0	\$0	\$0
11-2-003	FISMA 2010 Independent Evaluation Report	\$0	\$0	\$0
11-2-004	FY2010 FISMA Independent Evaluation Report	\$0	\$0	\$0
11-2-005	NSF's FY2010 Management Letter	\$0	\$0	\$0
11-2-006	Workforce Management (Congressional Request)	\$0	\$0	\$0
11-2-007	AUP IODP International Ocean Drilling Program	\$0	\$0	\$0
11-6-004	ARRA Capability California State University – Fresno	\$0	\$0	\$0
	Total:	\$4,387,830	\$2,673,497	\$62,338,903

The office issued 24 audit reports during this semiannual period.

NSF-Cognizant Reports

Report Number	Subject	Questioned Costs	Unsupported Costs
11-4-001	6-09 Island Institute - ME	\$0	\$0
11-4-002	12-09 Association of Public and Land-Grant Universities - DC	\$0	\$0
11-4-003	12-09 American Association of Physics Teachers - MD	\$0	\$0
11-4-004	12-09 Astrophysical Research Consortium - WA	\$0	\$0
11-4-005	12-09 Institute for Broadening Participation - ME	\$0	\$0
11-4-006	12-09 AIM American Institute of Mathematics - CA	\$0	\$0
11-4-007	12-09 Rocky Mountain Biological Laboratory - CO	\$0	\$0
11-4-008	12-09 UNAVCO, Inc. - CO	\$0	\$0
11-4-009	12-09 American Society of Human Genetics - MD	\$0	\$0
11-4-010	3-10 Association of Science-Technology Centers Inc. - DC	\$0	\$0
11-4-011	Santa Fe Institute - NM	\$0	\$0
11-4-012	6-10 VMI Research Laboratories - VA	\$0	\$0
11-4-013	12-09 Woods Hole Oceanographic Institution - MA	\$77,758	\$77,758
11-4-014	12-09 Space Science Institute - CO	\$0	\$0
11-4-015	12-09 CUAHSI Consortium of Universities for the Advancement of Hydrologic Sciences - DC	\$0	\$0
11-4-016	12-09 American Mathematical Society - RI	\$0	\$0
11-4-017	12-09 Stroud Water Research Center, Inc. - PA	\$0	\$0
11-4-018	12-09 American Association of Community Colleges - DC	\$0	\$0
11-4-019	12-09 Triangle Coalition for Science and Technology Education - VA	\$0	\$0
11-4-020	12-09 SCOR Scientific Committee on Oceanic Research - DE	\$0	\$0
11-4-021	12-09 St. Louis Science Center - MO	\$0	\$0
11-4-022	12-09 USMFS George E. Brown US-Mexico Foundation for Science	\$0	\$0
11-4-023	12-09 Barrow Arctic Science Consortium - AK	\$0	\$0
11-4-024	12-09 Center for Severe Weather Research - CO	\$0	\$0
11-4-025	12-09 Consortium of Universities for Research in Earthquake Engineering - CA	\$0	\$0
11-4-026	12-09 Donald Danforth Plant Science Center - MO	\$0	\$0
11-4-027	12-09 EdLab Group FKA Puget Sound Center Foundation - WA	\$0	\$0
11-4-028	12-09 OPeNDAP Open Source Project for Network Data Access Protocol - RI	\$0	\$0
11-4-029	5-10 Oregon Museum of Science & Industry	\$0	\$0
11-4-030	12-08 Inland Northwest Community Access Network - WA	\$0	\$0
11-4-031	12-09 Inland Northwest Community Access Network - WA	\$0	\$0

11-4-032	12-09 The Shodor Education foundation, Inc. NC	\$0	\$0
11-4-033	2-09 REVISED Astronomical Society of the Pacific - CA	\$0	\$0
11-4-034	6-10 GSU Research & Service Foundation, Inc.	\$0	\$0
11-4-035	6-10 Woods Hole Research Center - MA	\$0	\$0
11-4-036	12-09 American Educational Research Association - DC	\$0	\$0
11-4-037	6-10 Illinois State Museum Society - IL	\$0	\$0
11-4-038	8-09 Merck Institute for Science Education - NJ	\$0	\$0
11-4-039	12-09 Mathematical Association of America - DC	\$0	\$0
11-4-040	2-10 Astronomical Society of the Pacific - CA	\$0	\$0
11-4-041	6-10 Cary Institute of Ecosystem Studies, Inc. - NY	\$0	\$0
11-4-042	6-10 Exploratorium - CA	\$0	\$0
11-4-043	6-10 Public Radio International Inc. - MN	\$0	\$0
11-4-044	6-10 Oakland Museum of California Foundation	\$0	\$0
11-4-045	6-10 Viewpoints Research Institute, Inc. - CA	\$0	\$0
11-4-046	6-10 Yellowstone Park Foundation, Inc. - MT	\$0	\$0
11-4-047	9-10 ARCUS Arctic Research Consortium of the US - AK	\$0	\$0
11-4-048	6-10 BLOS Bigelow Laboratory for Ocean Sciences - ME	\$0	\$0
11-4-049	6-10 Science Museum of Minnesota	\$0	\$0
11-4-050	6-10 William Marsh Rice University - TX	\$0	\$0
11-4-051	3-10 Berkeley Geochronology Center - CA	\$0	\$0
11-4-052	6-10 Allegheny Intermediate Unit 3 -PA	\$0	\$0
11-4-053	6-10 Pacific Science Center Foundation - CA	\$0	\$0
11-4-054	6-10 Southern Oregon Public Television	\$0	\$0
11-4-055	6-10 California Academy of Sciences	\$0	\$0
11-4-056	6-10 University Enterprises, Inc. - CA	\$0	\$0
11-4-057	6-10 Santa Barbara Community College District - CA	\$0	\$0
11-4-059	6-10 Shepherd University Research Corporation - WV	\$0	\$0
11-4-060	6-10 National Alliance for Partnerships in Equity Education Foundation, Inc. - PA	\$0	\$0
11-4-061	6-10 Maine Mathematics and Science Alliance	\$0	\$0
11-4-062	6-10 IRIS Incorporated Research Institutions for Seismology - DC	\$0	\$0
11-4-063	8-10 WGBH Educational Foundation - MA	\$0	\$0
11-4-064	6-10 Carnegie Institution of Washington - DC	\$0	\$0
11-4-065	8-10 Twin Cities Public Television, Inc. - MN	\$0	\$0
11-4-066	9-10 UCAR University Corporation for Atmospheric Research - CO	\$0	\$0
11-4-067	9-10 AUI Associated Universities, Inc. - DC	\$0	\$0

11-4-068	6-10 Oregon Public Broadcasting	\$0	\$0
11-4-073	9-10 NEON National Ecological Observatory Network, Inc. - CO	\$0	\$0
11-4-076	6-10 Paleontological Research Institution - NY	\$0	\$0
11-4-078	6-10 Adler Planetarium - IL	\$0	\$0
11-4-079	6-10 American Museum of Natural History - NY	\$0	\$0
11-4-081	6-1- New Mexico Consortium - NM	\$0	\$0
	Total:	\$77,758	\$77,758

Other Federal Audits

Report Number	Subject	Questioned Costs	Unsupported Costs
11-5-011	6-09 Woods Hole Research Center - MA	\$5	\$0
11-5-029	5-10 Augsburg College - MN	\$79,988	\$79,988
11-5-048	6-10 Research Foundation of SUNY - NY	\$4,760	\$4,760
11-5-056	6-10 University of Central Oklahoma	\$2,000	\$0
11-5-061	6-10 Howard University - DC	\$8,885	\$8,885
11-5-068	6-10 University of Massachusetts	\$593	\$593
11-5-070	5-10 Willamette University - OR	\$387,369	\$97,017
11-5-072	6-10 Agnes Scott College - GA	\$26,840	\$26,840
11-5-090	6-10 The Colorado College – CO	\$1,754	\$1,754
11-5-100	6-10 University of Missouri System	\$24	\$0
11-5-102	8-10 State of Texas	\$40,000	\$40,000
	Total:	\$552,218	\$259,837

Audit Reports with Outstanding Management Decisions

This section identifies audit reports involving questioned costs, unsupported costs, and funds put to better use, where management had not made a decision on the corrective action necessary for report resolution within six months of the report's issue date. At the end of the reporting period there were 25 reports that met this condition. The status of recommendations that involve internal NSF management is described on page 37.

Report Number	Subject	Questioned Costs	Unsupported Costs	Better Use of Funds
05-1-005	RPSC Costs Claimed FY 2000 to 2002	\$20,934,738	\$0	\$0
06-1-023	RPSC 2003/2004 Raytheon Polar Services	\$13,171,290	\$0	\$0
07-1-003	Triumph Tech, Inc.	\$80,740	\$1,192	\$0
07-1-019	ABT Associates	\$22,716	\$0	\$0
09-1-010	Carnegie Institution of Washington	\$25,718	\$25,718	\$0
09-1-011	Wisconsin Ice Core Drilling Services	\$2,475,308	\$27,308	\$0
09-1-014	University of Michigan	\$1,604,713	\$1,418,889	\$0
09-5-048	8-07 College of the Mainland – TX	\$110,629	\$0	\$0
09-5-052	6-07 Howard University – DC	\$1,125,491	\$662,940	\$0
10-1-001	SUNY at Stony Brook Effort Reporting	\$23,656	\$0	\$0
10-1-003	University of Nevada – Reno Effort Reporting	\$54,154	\$0	\$0
10-1-008	University of Delaware Effort Reporting	\$34,299	\$0	\$0
10-1-012	COL OOI Proposed Budget	\$0	\$0	\$88,184,480
10-1-014	JOI 20 Month Incurred Cost	\$392,309	\$324,500	\$0
10-1-015	COL 4 Month Incurred Cost	\$195,937	\$80,000	\$0
10-4-012	8-08 WGBH Educational Foundation –MA	\$791	\$776	\$0
10-4-045	12-08 American Institute of Biological Sciences	\$267,638	\$267,638	\$0
10-4-100	8-09 WGBH Educational Foundation – MA	\$1,881	\$0	\$0
10-4-165	12-08 Barrow Arctic Science Consortium	\$22,314	\$22,314	\$0
10-5-016	6-08 State of Arizona	\$71,858	\$46,045	\$0
10-5-093	6-09 Polytechnic Institute of New York University	\$20,905	\$0	\$0
10-5-123	6-09 Chicago State University – IL	\$32,443	\$32,443	\$0
10-5-126	6-09 St. Louis University – MO	\$18,324	\$0	\$0
10-5-130	6-09 Stevens Institute of Technology – NJ	\$17,342	\$17,342	\$0
10-5-132	6-09 Howard University – DC	\$144,209	\$136,273	\$0
	Total:	\$40,849,403	\$3,063,378	\$88,184,480

INVESTIGATIONS DATA
(October 1, 2010 – March 31, 2011)

Civil/Criminal Investigative Activities

Referrals to Prosecutors	6
Criminal Convictions/Pleas	4
Civil Settlements	0
Indictments/Information	6
Investigative Recoveries	\$1,948,754.61

Administrative Investigative Activities

Referrals to NSF Management for Action	21
Research Misconduct Findings	6
Debarments	6
Administrative Actions	75
Certifications and Assurances Received ³	40

Investigative Case Statistics

	<u>Preliminary</u>	<u>Civil/Criminal</u>	<u>Administrative</u>
Active at Beginning of Period	33	89	82
Opened	120	26	39
Closed	107	32	39
Active at End of Period	46	83	82

Freedom of Information Act and Privacy Act Requests

Our office responds to requests for information contained in our files under the freedom of Information Act (“FOIA,” 5 U.S.C. § 552) and the Privacy Act (5 U.S.C. § 552a). During this reporting period:

Requests Received	65
Requests Processed	64
Appeals Received	4
Appeals Upheld	4

Response time ranged between 1 day and 22 days, with the median around 16 days and the average around 16 days. For three requests involving voluminous records and an approved 10-day extension, our response time ranged between 27 and 30 days.

³ NSF accompanies some actions with a certification and/or assurance requirement. For example, for a specified period, the subject may be required to confidentially submit to OIG a personal certification and/or institutional assurance that any newly submitted NSF proposal does not contain anything that violates NSF regulations.

Appendix

Peer Reviews October 1, 2010-March 31, 2011

The Office of Audits did not conduct a peer review of another OIG during the past six months. There are no outstanding recommendations from any previous peer review. The National Credit Union Administration conducted a peer review of NSF OIG Office of Audits in February 2009; there are no outstanding recommendations from that review.

The Office of Investigations conducted a peer review of GPO OIG in February 2011; there are no outstanding recommendations from that review. The Federal Reserve Board OIG conducted a peer review of NSF OIG Office of Investigations in March 2008; there are no outstanding recommendations from that review.

National Science Foundation
Office of Inspector General
4201 Wilson Blvd., Suite 1135
Arlington, VA 22230
703.292.7100



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