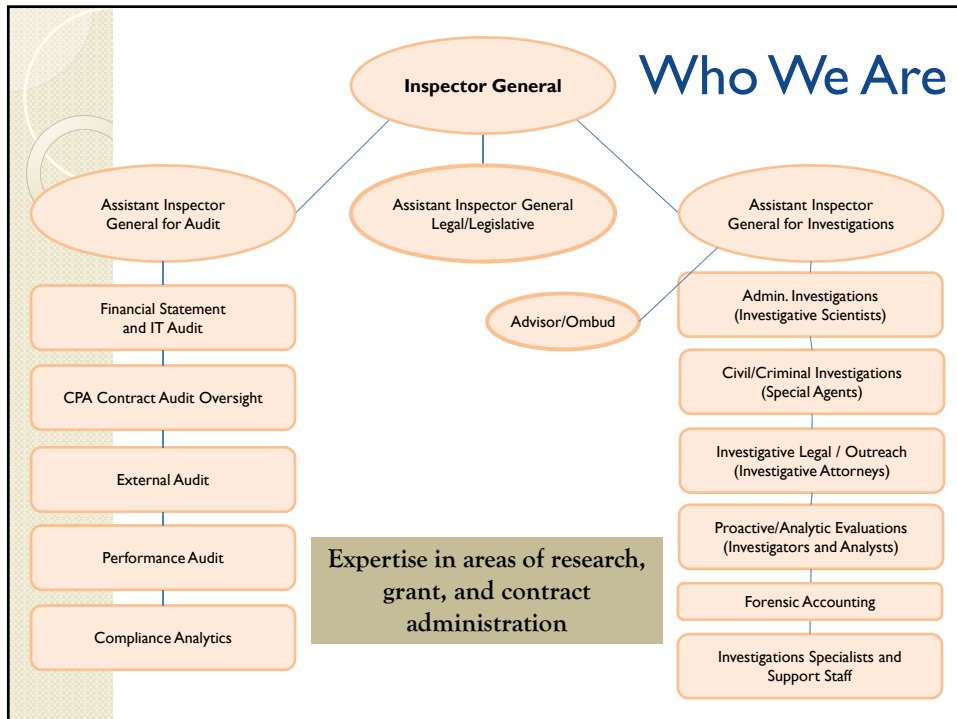


# Office of Inspector General



NSF Grants Conference  
June 2014

Louise M. Nelson, Director  
Daniel J. Buchtel, Audit Manager  
Western External Audit Office  
Office of Inspector General  
National Science Foundation



## What We Do

- Office of Audit
  - We conduct internal/external audits:
    - Financial
    - Performance
- Office of Investigations
  - We investigate allegations of:
    - Fraud, waste, and abuse
    - Research misconduct
    - Violations of law, regulation, directive, or policy
- Outreach
  - We invest in outreach:
    - Presentations
    - Briefings
    - Publications and Brochures
      - [www.nsf.gov/oig/outreach\\_all.jsp](http://www.nsf.gov/oig/outreach_all.jsp)



## Office of Audit

- Audits NSF-funded grants, contracts, and cooperative agreements
- Determines whether costs claimed by awardees are allowable, reasonable and allocated properly
- Oversees annual audit of NSF's financial statement
- Promotes economy and efficiency in NSF's financial, administrative, and programmatic operations

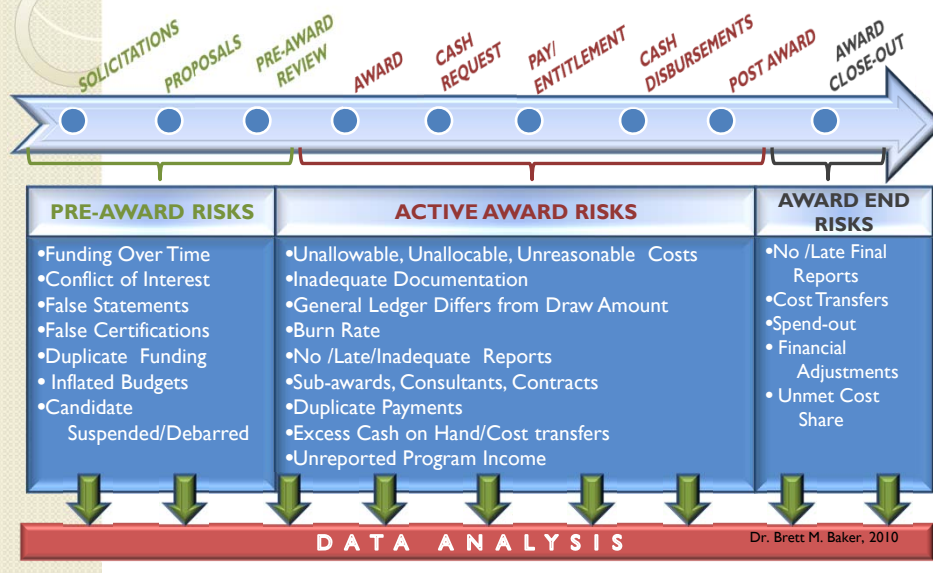


# Development of Audit Workplan

- Work Required by Law
  - Agency Financial Statement Audit (CFO Act)
  - Federal Information Security Management Act (FISMA)
  - Improper Payment Elimination and Recovery Act (IPERA)
  - American Recovery and Reinvestment Act of 2009 (ARRA)
- Congressional Requests
- Referrals from Investigations
- National Science Board and NSF Su
- OIG Risk-based Assessments
  - NSF Management Challenges
  - Continuous Monitoring



# End to End Process for Grant Oversight



## Audit Issues

- Award Administration
  - NSF administration
  - Awardee administration
- Cost Compliance
  - Allowable
  - Within award scope
  - Documented
- ARRA Awards



## Award Administration

### Grant Recipient Responsibilities

#### We Look At

- Financial management system and expenditures
- Accuracy and timelines of reporting, notifications
- Participant support, sub-award monitoring
- Effort reporting

#### Common Findings

- No approvals, no procedures for determining allowable costs
- Effort reporting not timely, not approved by appropriate official
- Budget not compared to actual expenditures
- Participant support reallocated without prior NSF approval
- Inadequate sub-award monitoring



OMB Circulars A-110, A-133

## Cost Compliance

Costs must be allowable, reasonable, allocable, documented, and consistent in treatment

### We Look At

All costs, including cost share expenditures, claimed on NSF awards. We use data analytics tools to identify risk areas.

### Common Findings

- Unsupported expenditures
  - Reimbursements not documented (invoices, etc.)
  - Time and effort not timely, not signed/certified
- Unallowable expenditures
  - Direct charges for costs in the indirect pool
  - Excess faculty/senior personnel salaries (unless NSF-approved)
  - Meals, non-related travel, alcohol
  - Unapproved changes in participant support

OMB Circulars A-21, A-87, A-122



## Oversight of ARRA Awards

### American Recovery and Reinvestment Act of 2009

- Expenditures
  - Consistent with ARRA purpose and goals
  - Subject to appropriate internal controls
  - Emphasis in A-133 audits, FY 2010-2013
  - OMB Spending Deadline 9/30/13
- Recipient Data Quality and Capability
  - Report jobs created and sustained
- OIGs to investigate allegations of retaliation and wrongdoing by recipients



## Office of Investigations

Investigates alleged wrongdoing involving proposals and awards and those who conduct business with, or work for NSF



## Allegations

- Allegations
  - Violation of law, regulations, award conditions, or policies
  - Mismanagement
  - Waste of funds
  - Abuse of authority
  
- Type of Allegations Received
  - Fraud
  - False Statements
  - Theft or abuse of government funds
  - Plagiarism or intellectual theft
  - Falsification/Fabrication of data
  - Employee Misconduct
  - Conflict of Interest
  - Failure to share data

## Criminal/Civil Cases

- Violation of Statutes:
  - Conspiracy – 18 U.S.C. § 371
  - False Claims – 18 U.S.C. § 287
  - Embezzlement – 18 U.S.C. § 641
  - Theft of Federal Funds– 18 U.S.C. § 666
  - False Statements – 18 U.S.C. § 1001
  - Mail Fraud – 18 U.S.C. § 1341
  - Wire Fraud – 18 U.S.C. § 1343
  - Civil False Claims – 31 U.S.C. § 3729(a)
- Abuse of federal rules and regulations
- Other actions that could compromise the integrity, efficiency, and operations of NSF



## Administrative Cases



### Violations of Regulations

- Research Misconduct
  - NSF Research Misconduct Regulation:  
45 CFR Part 689 <http://www.nsf.gov/oig/misconscieng.jsp>
  - NSF regulation tracks OSTP's Federal policy
  - Defines Fabrication, Falsification, Plagiarism (FFP) and defines "research"
- COIs, Violations of Confidentiality, etc.

## Outcomes of Investigations

- Refer to law enforcement authorities
  - Criminal or civil matters may result in:
    - Prosecution
    - Settlement Agreement/Compliance Agreement
    - Fines, Reimbursements, Incarceration
- Refer to NSF
  - Administrative matters may result in:
    - Termination/Restrictions on Awards
    - Certifications/Assurances
    - Suspensions/Debarments
    - Reprimands/Retractions
- Refer to OIG Audit



## Whistleblower Protection

- A core value of OIG is protecting NSF employees, contractors, and grantees who step forward to identify potential wrongdoing
- Federal law prohibits retaliation for providing information reasonably believed to evidence
  - a violation of law, rule, or regulation
  - gross mismanagement
  - gross waste of funds
  - abuse of authority, or
  - a substantial and specific danger to public health and safety





## Whistleblower Protection

- Protection for employees found in
  - Inspector General Act of 1978
  - Whistleblower Protection Act of 1989
  - Whistleblower Protection Enhancement Act
- Protection for contractors/grantees found in
  - Federal Acquisition Streamlining Act of 1994
  - ARRA
  - Federal Acquisition Regulations
  - Fraud Enforcement and Recovery Act of 2009
  - National Defense Authorization Act for FY 2013



## Whistleblower Protection

- **NSF federal employees** are protected if they make a whistleblower disclosure to the US Office of Special Counsel, the OIG, or a supervisor
- **Employees of NSF contractors and grantees** are protected if they make a whistleblower disclosure to their management, an OIG, or an official responsible for investigating misconduct
- **Both** federal employees and contractor/grantee employees are also protected for communications to Congress or the media



## Whistleblower Protection

- **To file a reprisal complaint**
  - NSF federal employees and covered contractor and grantee employees may make reprisal complaints by contacting the US Office of Special Counsel or through the OIG Hotline.
- **OIG Whistleblower Ombudsman**
  - Educates employees about prohibitions on retaliation for protected disclosures.
  - Informs employees who have made or are contemplating making a protected disclosure of the rights and remedies against retaliation for protected disclosures
  - Note, however, that federal law *prohibits* the Whistleblower Ombudsman from acting as a legal representative, agent, or advocate of the whistleblower.



## Whistleblower Protection

The NSF Whistleblower Protection Ombudsman is:

William J. Kilgallin  
Senior Advisor, Investigations  
National Science Foundation  
Office of the Inspector General  
(703)292-4993  
[wkilgall@nsf.gov](mailto:wkilgall@nsf.gov)

## When should you contact OIG?

- Report significant administrative or financial problems
- Report allegations of wrongdoing
  - Research misconduct
  - Fraud/theft involving NSF funds
  - Violation of regulation, directive, or policy

**NSF Hotline**

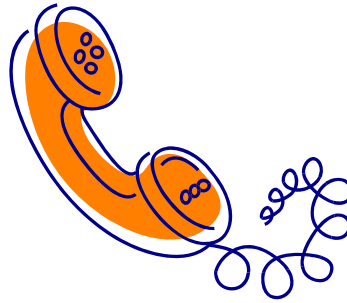
## OIG Outreach

- Presentations at conferences and seminars
  - For students, PIs, and administrators
  - OIG outreach visit can be requested
- Fact sheets and brochures, briefings, conference presentations  
[www.nsf.gov/oig/outreach\\_all.jsp](http://www.nsf.gov/oig/outreach_all.jsp)
- OIG Semiannual Report
  - <http://www.nsf.gov/oig/pubs.jsp>



## Contact NSF OIG

- **Internet:**
  - [www.nsf.gov/oig/](http://www.nsf.gov/oig/)
- **Mail:**
  - 4201 Wilson Blvd., Arlington, VA 22230
- **Phone:**
  - 703-292-7100
- **Hotline:**
  - 1-800-428-2189
- **E-mail Hotline:**
  - [oig@nsf.gov](mailto:oig@nsf.gov)



## Contact NSF OIG

- Louise Nelson, Director, OIG Western External Audit Office
  - 303-844-4689
  - [lnelson@nsf.gov](mailto:lnelson@nsf.gov)
- Dan Buchtel, Audit Manager, OIG Western External Audit Office
  - 303-844-5645
  - [dbuchtel@nsf.gov](mailto:dbuchtel@nsf.gov)