Office of Inspector General

NSF Grants Conference
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What We Do

Office of Audit
• We conduct audits of –
  • NSF operations and programs
  • NSF awardees (grantees and contractors)

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
Office of Audit

- Audit NSF-funded grants, contracts, and cooperative agreements
- Determine if claimed costs are allowable, reasonable, and allocable
- Audit NSF operations
- Oversee NSF financial statement audit and IT security review
- Review quality of Single Audits for NSF grantees
The Audit Workplan

• Work Required by Law
  o Agency Financial Statement Audit (CFO Act)
  o Federal Information Security Modernization Act (FISMA)
  o Improper Payment Elimination and Recovery Act (IPERA)
  o Digital Accountability and Transparency Act of 2014 (DATA Act)

• OIG Risk-based Assessments

• Congressional Requests

• National Science Board and NSF Suggestions

• Referrals from Investigations

• Single Audit reviews

• NSF Management Challenges
On-going* External Audits

17 Audits of Institutions of Higher Education

• 16 by Independent Public Accountant (IPA) Firms
• One by OIG

* As of April 30, 2019
Audit Selection

Risk-based methodology
- Risk model to select awardee institutions
- Focus attention on expenditure anomalies

Availability of Resources
- Audit staff
- Funds for IPA audits
Award Administration & Cost Compliance

We Look At

• Financial systems and expenditures
• Compare drawdowns to accounting system
• All costs claimed on NSF awards
• Data Analytics to identify risk
Communication

During the Audit

• Engagement Letter
• Entrance Conference
• Notice of Findings
• Exit Conference
• Official Draft
  o 30 days to comment
  o Provided to NSF
• Final Report

Ongoing and as needed
Audit Reporting – Final Reports

Shared with

- Awardee
- NSF
- Congressional Committees
- NSF OIG public website https://www.nsf.gov/oig/reports/reviews.jsp
- CIGIE public website www.oversight.gov
- Posted to Twitter feed @NSFOIG
Office of Investigations

- Detect and prevent fraud
- Investigate criminal, civil, administrative matters
- Address alleged wrongdoing involving proposals, awards, and those who conduct business with, or work for, NSF
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
Sources* of Allegations

- Principal investigators/Co-PIs
- NSF program officers
- Other NSF employees
- OIG Office of Audit
- Review panelists
- Government agencies
- Graduate students
- University administrators
- Contractors
- Anonymous hotline callers or informants

* Anyone may confidentially contact OIG to report potential wrongdoing
Investigative Process

• Determine jurisdiction; identify issues
• Objectively gather evidence
• As appropriate, refer to audit or other OIG
• Prepare written Report of Investigation
• Work with DOJ, state prosecutors, NSF, and awardees to develop appropriate resolutions that protect the interests of the Federal Government and the U.S. taxpayer
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.

• Human subjects research

• CAREER award violations (must be tenure track position)
Criminal/Civil Cases

• Violation of Statutes:
  o Conspiracy – 18 U.S.C. § 371
  o False claims – 18 U.S.C. § 287
  o Embezzlement – 18 U.S.C. § 641
  o Theft of federal funds – 18 U.S.C. § 666
  o False statements – 18 U.S.C. § 1001
  o Mail fraud – 18 U.S.C. § 1341
  o Wire fraud – 18 U.S.C. § 1343
  o 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
Outcomes of Investigations

• Refer to law enforcement authorities
  o Criminal or civil matters may result in:
    ▪ Prosecution
    ▪ Settlement agreement / compliance agreement
    ▪ Fines, reimbursements, incarceration

• Refer to NSF
  o Administrative matters may result in:
    ▪ Termination / restrictions on awards
    ▪ Certifications / assurances
    ▪ Suspensions / debarments
    ▪ Reprimands / retractions

• Refer to OIG Audit
Criminal and Civil Cases

- Our jurisdiction follows NSF funds
- Over 100 civil/criminal investigations underway
- Read our Semiannual Report to Congress
  - SBIR PI pleads guilty to conversion
    - PI created shell company to receive $200,000 in supplemental SBIR funding
    - Fabricated records to appear shell company had outside investment
  - University agrees to pay more than $1.7 million to resolve False Claims Act allegations
    - Failed to maintain time & effort system to ensure salaries were charged to the proper grants
    - Involved multiple agencies
Research Misconduct and Administrative Cases

• Former graduate student fabricated and falsified data and figures
  o The fabricated and falsified data appeared in 2 papers, his dissertation, a draft manuscript, a patent, and proposals submitted to another agency
  o The university revoked his Ph. D.
  o NSF debarred him for 1 year, required certifications and assurances for 4 years, and barred him from participating as a reviewer for 3 years

• PI violates terms of CAREER award
  o NSF recovered $70,000 in misspent funds and $200,000 in unspent funds
Whistleblower Protection

• A core value of OIG is protecting NSF employees, contractors, grantees, and subawardees who step forward to identify potential wrongdoing

• Federal law prohibits retaliation for providing information reasonably believed to evidence
  o a violation of law, rule, or regulation
  o gross mismanagement
  o gross waste of funds
  o abuse of authority, or
  o a substantial and specific danger to public health and safety
Whistleblower Protection

• **NSF Federal employees** are protected if they make a whistleblower disclosure to the U.S. Office of Special Counsel, the OIG, or a supervisor

• **Employees of NSF contractors and grantees (and subcontractors/subgrantees)** are protected if they make a whistleblower disclosure to their management, an OIG, or an official responsible for investigating misconduct

• **All of the above** are also protected for communications to Congress

• **Additional information** on Whistleblower Protection available at:
  - [http://www.osc.gov](http://www.osc.gov)
Whistleblower Protection Ombudsman

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OIG Outreach

• Presentations at conferences and seminars
  o For students, PIs, and administrators
  o OIG outreach visit can be requested

• Fact sheets and brochures, briefings, conference presentations
  www.nsf.gov/oig/outreach

• OIG Semiannual reports
  http://www.nsf.gov/oig/pubs.jsp
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
Contact Us

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• www.nsf.gov/oig/

Mail:
• 2415 Eisenhower Ave, Alexandria, VA, 22314

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• (703) 292-7100

Hotline:
• 1 (800) 428-2189

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Questions?

General

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