

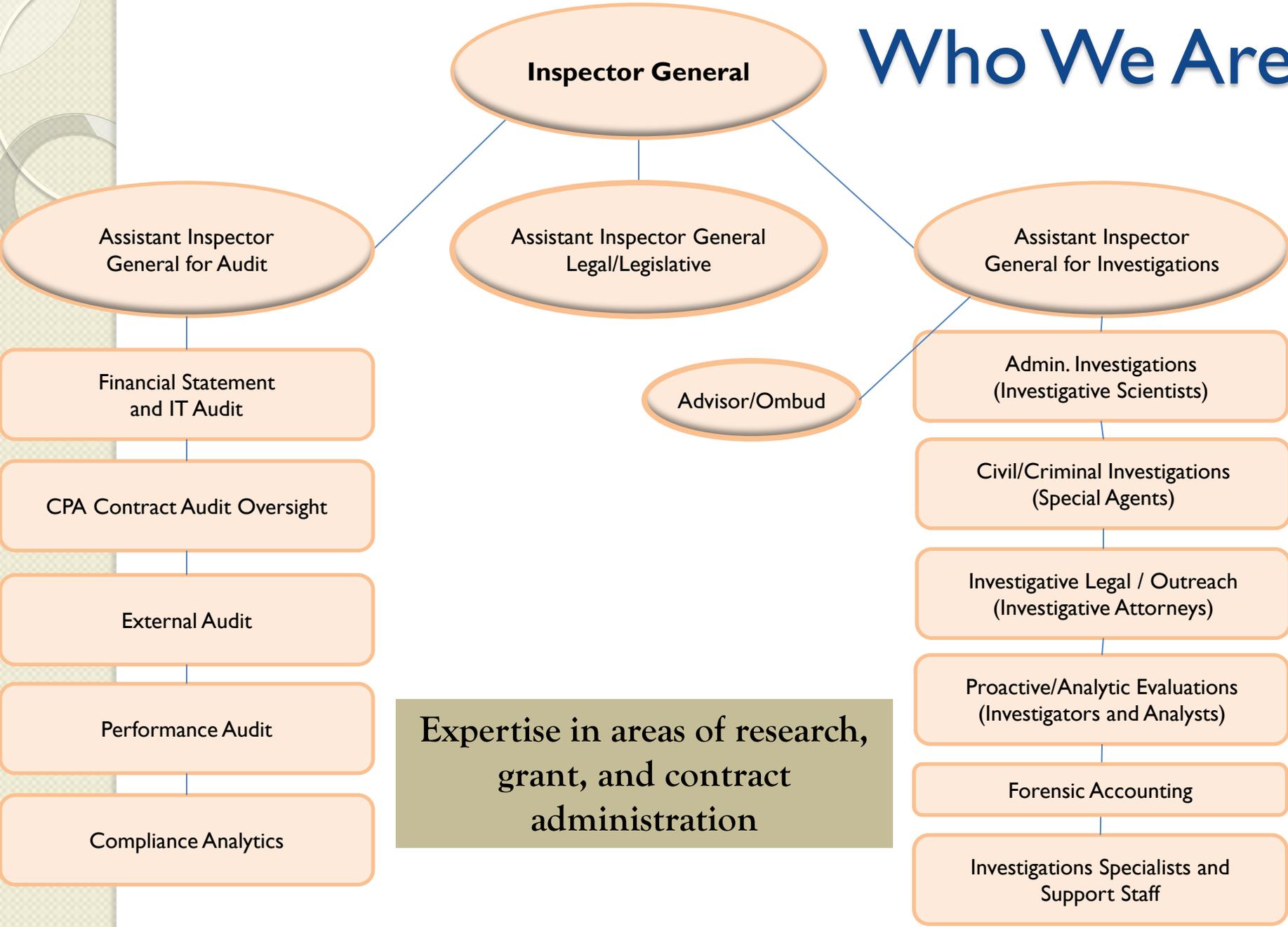
Office of Inspector General



NSF Grants Conference June 2014

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Western External Audit Office
Office of Inspector General
National Science Foundation

Who We Are



Expertise in areas of research, grant, and contract administration

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



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

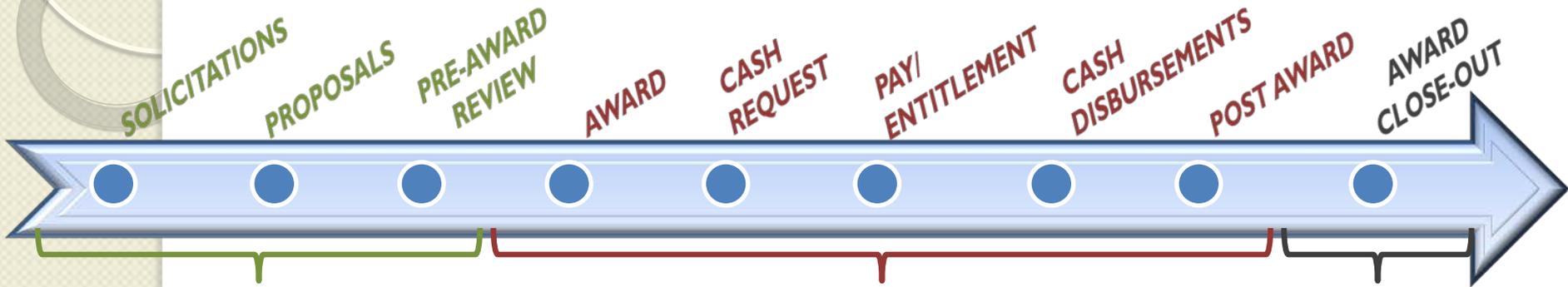


Development of Audit Workplan

- 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 Suggestions
- OIG Risk-based Assessments
 - NSF Management Challenges
 - Continuous Monitoring



End to End Process for Grant Oversight

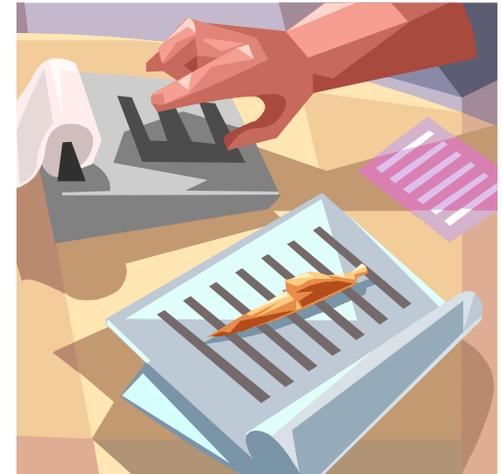


| PRE-AWARD RISKS | ACTIVE AWARD RISKS | AWARD END RISKS |
|--|---|---|
| <ul style="list-style-type: none"> •Funding Over Time •Conflict of Interest •False Statements •False Certifications •Duplicate Funding • Inflated Budgets •Candidate Suspended/Debarred | <ul style="list-style-type: none"> •Unallowable, Unallocable, Unreasonable Costs •Inadequate Documentation •General Ledger Differs from Draw Amount •Burn Rate •No /Late/Inadequate Reports •Sub-awards, Consultants, Contracts •Duplicate Payments •Excess Cash on Hand/Cost transfers •Unreported Program Income | <ul style="list-style-type: none"> •No /Late Final Reports •Cost Transfers •Spend-out • Financial Adjustments • Unmet Cost Share |



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

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

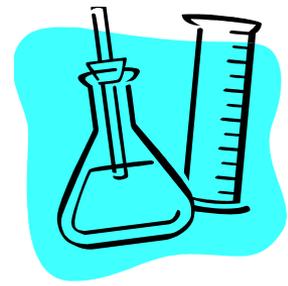
- Allegations
 - Violation of law, regulations, award conditions, or policies
 - Mismanagement
 - Waste of funds
 - Abuse of authority
- Type of Allegations Received
 - Fraud
 - False Statements
 - Theft or abuse of government funds
 - Plagiarism or intellectual theft
 - Falsification/Fabrication of 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

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
- OIG Semiannual Report
 - <http://www.nsf.gov/oig/pubs.jsp>



Contact NSF OIG

- **Internet:**

- www.nsf.gov/oig/

- **Mail:**

- 4201 Wilson Blvd., Arlington, VA 22230

- **Phone:**

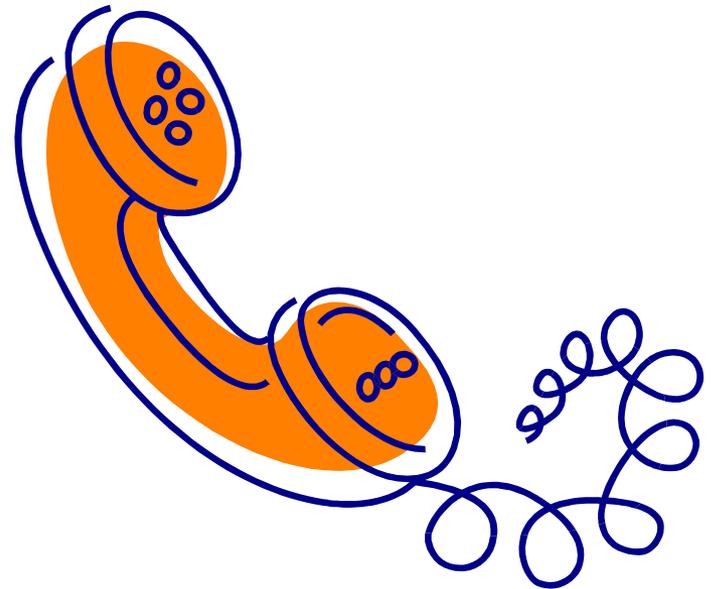
- 703-292-7100

- **Hotline:**

- 1-800-428-2189

- **E-mail Hotline:**

- oig@nsf.gov



Contact NSF OIG

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