



NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

Case Number: I-08-07-0046

Page 1 of 1

We initiated this case as a result of an attempt by OIG Audit to conduct an audit of an NSF awardee,¹ which occurred following an NSF business review that identified the awardee's lack of a suitable accounting system and that resulted in the awardee being placed on a "special payments" status (award payments contingent on invoices). The auditors were unable to obtain sufficient documentation of award expenditures to complete the audit, but from the available information did find indications of significant internal control deficiencies, underreported program income related to an NSF award² made to the awardee, and unsupported and unallowable claimed costs. The information developed by the auditors raised serious questions about the organization's financial system and its use of federal funds, as did the difficulty the auditors experienced in their dealings with the organization's executive director.³

We obtained the organization's records related to the award and determined that, although the records contained intermingled personal and business expenses, and appeared to reflect payment of some of the personal expenses with funds obtained by the organization from NSF, the records were not sufficient to develop a complete understanding of the organization's finances. We referred the matter to a U.S. Attorney and obtained a copy of the organization's accounting-system file and other relevant records. We developed evidence that indicated the executive director commingled personal and grant expenses, and likely received funds from the organization in excess of any purchases made for the organization using personal funds and credit cards.

We identified issues that hampered the investigation, some of which would likely preclude successful prosecution of the matter. In consultation with the AUSA we decided further investigative activity was not warranted.

Accordingly, this case is closed with no further action taken.

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