



NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

Case Number: I14090040

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We received an allegation that a grantee's¹ financial management and accounting practices in its Phase I and IB SBIR awards² were inadequate, leading to material misstatements and unallowable transactions in the financial statements as well as co-mingling of personal expenses.

Our office reviewed internal NSF documents, and subpoenaed records from the grantee, the grantee's bank, and the Principal Investigator's (PI)³ personal bank during the award period. Our review identified concerns with payments to the PI's personal account, payments for materials and supplies, rental payments, and the authenticity of the Phase IB matching funds.

We interviewed the President⁴ of the company⁵ that provided the Phase IB matching funds and the PI. Our investigation found that the grantee failed to adequately track and record expenses on its NSF Phase I and Phase IB awards during the awards but was able to provide supporting documentation for the expenses charged the awards. We did not substantiate any allegations of misuse of NSF funds. We provided the grantee with a letter advising of its questionable accounting practices and reiterating that it needs to better track and document its expenses going forward.

This case is closed with no further action taken.

