



NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

Case Number: I-14100045

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We initiated an investigation into a small business¹ that received over \$1 million through NSF's Small Business Innovation Research (SBIR) program since 2013. The investigation was opened from a proactive effort led by another-OIG² and a U.S. Attorney's Office³. We had identified concerns with the small business related to the PI primary employment requirement of the SBIR program due to the high turnover of company PIs. We also had identified concerns related to potential conflicts of interest for the company co-founders who had faculty positions at a local university⁴, and the company's relationship with the university.

During the investigation, we determined that company employee time sheets were not always printed and signed by both the employee and a supervisor as the company had represented to NSF that it would do prior to receiving its SBIR Phase II award. We also found that the company's initial Phase II report had some minimal discrepancies between what effort was reported and the employee time sheets. We found no evidence to substantiate the initial concerns that had caused us to identify the company for a proactive review.

The U.S. Attorney's Office for the relevant district declined to pursue the case. We issued a Questionable Administrative Practices warning letter to the company upon closing the case, advising the company to follow its timekeeping policy and to provide accurate effort figures to NSF in its reports. No further action was taken.

Accordingly, this case is closed.

