

National  
Science  
Foundation



Office of  
Inspector  
General

# Semiannual Report to Congress

March 2012



### ***About The National Science Foundation...***

The National Science Foundation (NSF) is charged with supporting and strengthening all research disciplines, and providing leadership across the broad and expanding frontiers of science and engineering knowledge. It is governed by the National Science Board which sets agency policies and provides oversight of its activities.

NSF invests approximately \$7 billion per year in a portfolio of more than 35,000 research and education projects in science and engineering, and is responsible for the establishment of an information base for science and engineering appropriate for development of national and international policy. Over time other responsibilities have been added including fostering and supporting the development and use of computers and other scientific methods and technologies; providing Antarctic research, facilities and logistic support; and addressing issues of equal opportunity in science and engineering.

### ***And The Office of the Inspector General...***

NSF's Office of the Inspector General promotes economy, efficiency, and effectiveness in administering the Foundation's programs; detects and prevents fraud, waste, and abuse within the NSF or by individuals that receive NSF funding; and identifies and helps to resolve cases of misconduct in science. The OIG was established in 1989, in compliance with the Inspector General Act of 1978, as amended. Because the Inspector General reports directly to the National Science Board and Congress, the Office is organizationally independent from the agency.

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# From the Inspector General

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This Semiannual Report to Congress highlights the activities of the National Science Foundation, Office of Inspector General (OIG) for the six months ending March 31, 2012. During this period, sixteen audits and reviews were issued which identified more than \$865,000 in questioned costs. In addition, our investigative staff closed 48 investigations, had eight research misconduct cases result in findings by NSF, and recovered nearly \$1.4 million for the government.

The OIG values, and is firmly committed to, its mission to detect and prevent fraud, waste, and abuse within the NSF or by those who receive NSF funding. These are challenging times to be in federal public service as budgets tighten and the actions of a few federal employees erode the public's confidence in government's ability to use taxpayer dollars prudently. Yet, every day I witness the commitment of OIG auditors, investigators, and others to doing work that leads to recommendations to improve NSF's ability to exercise strong stewardship over the taxpayer dollars intended to advance scientific research.

Scientific research and discovery are the building blocks of the technological advances that are essential for our nation's economy to grow and to meet the challenges of the future, and NSF has an essential role to play in promoting scientific discovery. For the agency to achieve its mission, NSF must spend its research funds in the most effective and efficient manner while maintaining the highest level of accountability over taxpayer dollars.

Audits of proposal budgets for three of NSF's large construction projects have identified \$226 million in unallowable contingency costs and have recommended that NSF stop awarding millions in unallowable contingency costs. It is also imperative that expenses for NSF's own operations and activities are scrutinized to identify opportunities for cost savings. Our reviews for NSF's expenditures for such things as wireless devices and plans and staff retreats have recommended actions that can result in more efficient purchasing practices and cost savings. We have also recommended that NSF explore more effective ways to conduct oversight of awardees with its existing staff.

Our investigations have recovered nearly \$1.4 million from those who fraudulently sought to obtain funds intended for scientific research. We continue to aggressively pursue cases of research misconduct which undermines citizens' trust in government-funded research and referred eight research misconduct cases to NSF.

We are also actively involved in government-wide initiatives to reduce fraud in the Small Business Research Innovation program and to expand the use of suspension and debarment to protect federal funds.

Our work reflects my office's sustained commitment to helping NSF be an effective steward of taxpayer dollars and benefits from the support of NSF management across the Foundation. We look forward to our continued partnership with NSF and the Congress to fulfill this goal.

*Allison C. Lerner*

# Report Highlights

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- Our audit of NSF's Independent Research/Development (IR/D) program which allows employees and non permanent staff such as IPAs to be reimbursed for travel expense such as attending related conferences and returning to their home institution to pursue their research, found that NSF did not know the program's annual total cost and did not prevent individuals from exceeding the program's 50-day limit on IR/D activities.
- An audit of five awards questioned more than \$451,000 and found significant internal controls weaknesses in the International Computer Science Institute's financial management of NSF funds.
- Based on our recommendation, NSF immediately suspended an award because an assistant professor plagiarized substantive text into the awarded proposal.
- Our investigation led to a Texas university returning over \$477,000 to NSF after a PI improperly subcontracted work on his NSF grant to a company in which he had a 25 percent ownership, in violation of conflict of interests restrictions.

