

OIG Management Activities

Congressional Testimony

In November 2011, the Inspector General testified before the Senate Homeland Security and Government Affairs Committee at a hearing titled, “Weeding out Bad Contractors: Does the Government have the Right Tools?” The testimony focused on the Suspension and Debarment (S&D) Working Group’s September 2011, report, *Don’t Let the Toolbox Rust: Observations on Suspension and Debarment, Debunking Myths, and Suggested Practices for Offices of Inspectors General*, which built upon OIG survey information.

The overarching purpose of the report was to raise the profile of suspension and debarment within the IG community and to identify practices that could assist OIGs in utilizing these tools. Based on the report, factors that may adversely influence the pursuit of suspension and debarment include a general lack of awareness or full understanding about these tools and concerns about their potential impact on contemporaneous civil or criminal proceedings.

As a step toward addressing these challenges, the report discusses and attempts to dispel some common misconceptions about suspension and debarment, namely:

1. that contemporaneous civil or criminal proceedings will be compromised if suspension or debarment is pursued,
2. that suspension and debarment actions must be tied to judicial findings (conviction, civil judgment, or indictment), and
3. that referrals may not be based on OIG audits or inspections.

Finally, the report identified a number of suspension and debarment practices that could help boost the overall use and effectiveness of these tools within the IG community. These practices included assigning dedicated personnel within OIGs; identifying and recommending improvements to agency suspension and debarment programs; using investigative, audit, and inspection reports to identify suspension and debarment candidates; enhancing OIG referral practices; and developing strong OIG S&D policies.

An agency’s vigorous and appropriate use of suspension and debarment protects not just the integrity of that agency’s programs, but the integrity of procurements and financial assistance awards across the entire federal government. Through its various efforts, the Working Group has actively sought to raise the profile of suspension and debarment as integral tools to help protect taxpayer dollars.

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Also in November, the Inspector General testified before the House Committee on Science, Space, and Technology Subcommittee on Investigations and Oversight about the OIG's continuing efforts to monitor the \$3 billion in Recovery Act funds provided to the National Science Foundation. The OIG's approach to ARRA oversight has consisted of two phases: 1) an initial *proactive* phase for risk mitigation activities that was accomplished primarily during the funding stage to help prevent problems and prepare for more substantive work; and 2) an *operational* phase during which we planned to undertake more traditional audits, investigations, and other types of reviews.

Our work during the proactive phase consisted of real-time reviews of NSF's ARRA-related activities, identifying high-risk ARRA awardees, and recommending ways to make NSF's award process more accountable and transparent. Now that NSF's \$3 billion in ARRA funding has been fully obligated, our focus has shifted to an *operational* phase during which we are conducting more traditional audits, investigations, and other types of reviews.

Therefore, we are directing significant oversight resources to NSF's three major construction projects: the Alaska Region Research Vessel, the Ocean Observatories Initiative (OOI), and the Advanced Technology Solar Telescope (ATST) due to the large amounts of ARRA funding they received, the complexity of the projects, and the management challenges inherent in such projects.

We began this oversight activity with audits of the cost proposals for OOI, which had a total projected cost of \$386 million (including \$106 million in ARRA funds), and for ATST, which had total projected costs of \$298 million, (with \$146 million in ARRA funds). We reviewed these cost proposals because they constitute the basis upon which the awardees can draw down funds over the course of their awards.

DCAA also found that there is a lack of meaningful controls over the contingency funds provided to recipients. While awardees are supposed to seek NSF approval before drawing down contingency funds in excess of a certain threshold, DCAA found that at present there are no effective technical barriers to prevent them from being drawn down in advance and used for purposes other than a contingent event. Accordingly, there is a heightened risk of fraud or misuse of these funds.

Outreach

Outreach remains an essential component of our mission to prevent and detect fraud, waste, and abuse and to promote economy, efficiency, and effectiveness in NSF programs and operations. The numerous proactive activities undertaken by OIG staff have addressed programmatic and financial responsibilities of NSF awardees, education of NSF awardees about fraud recognition and prevention, and research misconduct and responsible conduct of research.

The Inspector General continues to lead the SBIR working group under the auspices of the Council of Inspectors General on Integrity and Efficiency (CIGIE). Pursuant to the National Defense Authorization Act which reautho-

rized the SBIR program, this group has been working with SBA to develop the certifications called for in the SBIR/STTR Reauthorization and to strengthen the anti-fraud provisions in the certifications. Our office has urged uniform certifications, modeled on those at NSF, as an effective weapon against fraud in SBIR/STTR programs and as a means to improve the government's ability to prosecute such fraud when it does occur.

With the Federal Housing Finance Agency Inspector General the NSF Inspector General also continues to lead a Suspension and Debarment (S&D) Working Group, under the auspices of the CIGIE Investigations Committee. In October 2011, the group hosted an S&D workshop aimed at increasing understanding and effective use of S&D to protect government funds against fraud, waste, and abuse. The workshop was attended by more than 450 investigators, auditors, Inspectors General, and S&D officials from over 60 agencies and organizations.

The IG is also leading the Grant Reform Initiatives Working Group which is focused on several areas including the Single Audit threshold and changes in time and effort reporting. The group's overarching concern is ensuring that meaningful controls and robust accountability are maintained.

The NSF Inspector General led a presentation to the Japanese ministry responsible for formulation of science and technology policy and with the Assistant Inspectors General for audit and investigations, explained our policies and procedures for oversight of NSF programs and operations. The Inspector General and OIG staff also provided information to representatives from Korea's National Research Foundation about our efforts to identify and prevent waste and fraud.

Our office has extensive knowledge and experience in both investigating grant fraud and research misconduct, and in monitoring financial compliance with grant conditions and accounting principles and we are often requested by universities and others in the research community to participate in meetings, make presentations, and provide instruction. For example, in the past six months, the IG and staff gave presentations for new grant recipients and to a number of organizations including the Society of Research Administrators International; the Association of Government Accountants; the College Cost Accounting Conference; the National Council of University Research Administrators; and the Society of Corporate Compliance and Ethics.

We also participated in meetings of the National Single Audit Coordinators, Federal Audit Executive Council, and the Financial Statement Audit Network. The Assistant Inspector General for Audit continues to serve as the chair of the Federal Audit Executive Council and has been instrumental in providing peer review training in the IG community. Finally, we provided research misconduct briefings at six universities and provided instructors to FLETC for grant fraud-related courses.

New Assistant Inspector General for Investigations

Alan Boehm assumed the duties of Assistant Inspector General for Investigations in March 2012. Mr. Boehm comes to the OIG with over forty years of experience in the federal investigative community. Most recently he served as the Assistant Director for Accountability at the Recovery Accountability and Transparency Board where he was instrumental in re-engineering the Recovery Operations Center into a premier tool for identifying potential fraud risks.