NSF Office of Inspector General

NSF Grants Conference

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An Office of Inspector General (OIG) is an independent office that:

- Promotes economy, efficiency, and effectiveness
- Prevents and detects fraud, waste, and abuse in agency programs and operations
- Has full access to records and subpoena power
- Reports to head of agency (e.g., NSB) and Congress
What does our office do?

Our Office of Audits conducts audits of NSF operations and programs and NSF award recipients. We also conduct financial and IT reviews.

Our Office of Investigations investigates allegations of fraud, waste, and abuse; research misconduct; and violations of law, regulation, directive, or policy.

We also invest in outreach: presentations, briefings, and publications. Learn more: oig.nsf.gov!

Head to Resources & Outreach!
How do we pick what to audit?

Audits/reviews required by law:
- CFO Act (NSF’s financial statements)
- FISMA
- Payment Integrity Information Act of 2019
- DATA Act

Congressional Requests
Single Audit Results
Requests from NSB/NSF
Management Challenges
Referrals from Investigations
OIG risk-based assessment

Annual Audit Plan
What kinds of audits might I be involved with?

Audits of NSF Programs & Operations
We conduct performance audits of NSF programs and operations. The audits cover all facets of NSF’s management, including internal business functions and execution of grant activities.

Financial & IT Audits
We conduct required audits of NSF’s annual financial statements, FISMA, and more, and we also audit NSF’s internal IT operations.

External/Incurred Cost Audits
Auditors — both NSF OIG employees and auditors with whom we contract — determine whether costs claimed by awardees are allowable, reasonable, and properly allocated.

These audits may also include reviews of an awardee’s accounting system or internal controls.

Single Audit Reviews
We conduct desk reviews on all single audit reporting packages for which NSF is the cognizant or oversight agency.

In Quality Control Reviews, we review the auditors’ work. We may request source documents/prior testing. We make recommendations to the audit firm.
External Audit Risk Model

1. Obtain Universe of NSF Awards
2. Define Population of Awardees
3. Apply Internal Risk Factors
4. Apply External Risk Factors
Single Audits – Selection Process

More than $6.2 B in NSF expenditures

Desk Reviews, Previous QCRs

Volume & Exposure

GAQC Member

Select
Audit Communication Process

Step 1
Engagement Letter
Define audit objective and scope

Step 2
Entrance Conference
- Discuss audit with auditee management
- Identify key points of contact
- Discuss audit process

Step 3
Fieldwork/Discussion Draft
- Discuss potential audit issues & recommendations
- May also use Notices of Preliminary Findings & Recommendations (NPFRs)

Step 4
Exit Conference
Discuss audit results and final recommendations.

Step 5
Official Draft Report
- Issue official draft report
- Auditee typically has 30 days to provide a formal written response
- We include response in final report.

Step 6
Final Report
- We issue the report to NSF and Congress
- We post on oig.nsf.gov and oversight.gov
- We post on Twitter: @NSFOIG
In our January 2022 capstone report – Promising Practices for NSF Award Management, we shared the most common audit findings from 18 audits and suggestions to strengthen award management practices:

1. Continually monitor and verify the allowability of high-risk expenses.
2. Strengthen controls over applying indirect cost rates.
3. Ensure award recipients create and maintain sufficient, appropriate award documentation.
4. Document and justify reasonable allocation methodologies.
5. Regularly review and update grant management policies and procedures.

In our July 2022 capstone report – EPSCoR Recipients Need Stronger Oversight and Controls, we summarized 3 key issues we identified at multiple EPSCoR recipients:

1. Assessing and monitoring subrecipient risk
2. Costs charged to Summer Research Programs
3. Errors associated with accounting system changes

We also shared associated suggestions to help the recipient community address them.
Office of Investigations

Detect and Prevent Fraud

Investigate criminal, civil, administrative matters

Address alleged wrongdoing involving proposals, awards, and those who conduct business with, or work for, NSF
Types of Allegations

- False Statements
- Plagiarism + Falsification/Fabrication of Data
- Theft or Abuse of Government Funds
- Fraud
- Employee Misconduct
- Duplicative Funding
- Conflict of Interest Issues
Sources of Allegations

- Principal Investigators/Co-PIs
- NSF Program Officers & Other Staff
- OIG Office of Audits or Proactive Reviews
- Review Panelists
- Colleagues, Students, Post-Docs
- Contractors
- Ex-spouses/Ex-partners/Disgruntled Employees
- University administrators
- Other government agencies
- Anonymous hotline callers or informants
The Investigative Process

**Step 1**
The Allegation
Analyze allegation, determine jurisdiction; identify issues

**Step 2**
Evidence
Objectively gather evidence

**Step 3**
Referrals
As appropriate, refer to audit, NSF, Office of Special Counsel, or other OIG

**Step 4**
Report
Prepare written Report of Investigation

**Step 5**
Resolve
Work with DOJ, state prosecutors, NSF, and awardees to develop appropriate resolutions that protect the interests of the Federal Government and the U.S. taxpayer
Administrative Cases — Violations of Regulations

Research Misconduct:
- 45 CFR Part 689
- NSF regulations tracks OSTP’s Federal Policy
- Defines Fabrication, Falsification, Plagiarism (FFP) and defines “research”

Conflicts of Interest (COIs), violations of confidentiality, etc.

Human subjects research

Whistleblower Retaliation
Criminal/Civil Cases

Frequently Violated Criminal and Civil Statutes

- Embezzlement
  - 18 U.S.C. § 641

- Criminal False Claims
  - 18 U.S.C. § 287

- Conspiracy
  - 18 U.S.C. § 371

- False Statements
  - 18 U.S.C. § 1001

- Civil False Claims
  - 31 U.S.C. § 3729(a)

- Wire fraud
  - 18 U.S.C. § 1343

- Theft of Federal Funds
  - 18 U.S.C. § 666

- Falsification of records
  - 18 U.S.C. § 1519

- Mail fraud
  - 18 U.S.C. § 1341
Investigative Outcomes

Refer to other authorities (e.g., U.S. Dept. of Justice)

- Criminal or Civil matters may result in:
  - Prosecution
  - Settlement agreement/compliance agreement
  - Fines, reimbursements, incarceration

Refer to NSF

- Administrative matters may result in:
  - Suspension/ Termination of awards
  - Certifications/ assurances
  - Suspensions/ debarments
  - Reprimands/ retractions

Refer to the OIG Office of Audits
INVESTIGATIONS

CASE STUDY #1

Falsified Documents During Audit Leads to Civil False Claims Act Settlement

What Went Wrong
- Inadequate controls to prevent employee from fabricating timesheets
- No culture of compliance; others agreed to backdate timecards

What Went Right
- Office of Audits caught on, asked questions, referred to Office of Investigations

Outcomes
- $1.17 million settlement; 5-year compliance plan
- Compliance coordinator plead guilty; sentenced to 1 year probation
INVESTIGATIONS
CASE STUDY #1

Falsified Documents During Audit Leads to Civil False Claims Act Settlement

What Went Wrong
• Burdened research grants with unrelated teaching costs

What Went Right
• Attempted to, and ultimately did, fix the problem

OUTCOMES
• $3.75 million civil settlement

INVESTIGATIONS
CASE STUDY #2

Unallocable Grad Student Teaching Costs Improperly Charged to Research Grants

What Went Wrong
• Burdened research grants with unrelated teaching costs

What Went Right
• Attempted to, and ultimately did, fix the problem

OUTCOMES
• $3.75 million civil settlement
**CASE STUDY #1**

**Falsified Documents During Audit Leads to Civil False Claims Act Settlement**

**What Went Wrong**
- Undisclosed foreign funding
- Submitted proposal for research that had already been completed
- Lying to OIG

**What Went Right**
- University cooperated with investigation

**Outcomes**
- Convicted of conspiracy, false statements, and obstruction
- Sentenced to time served and 2 years' supervised release

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**CASE STUDY #3**

**Former Professor Convicted of Grant Fraud**

**What Went Wrong**
- Undisclosed foreign funding
- Submitted proposal for research that had already been completed
- Lying to OIG

**What Went Right**
- University cooperated with investigation

**Outcomes**
- Convicted of conspiracy, false statements, and obstruction
- Sentenced to time served and 2 years' supervised release
CASE STUDY #4

Lack of Adequate Documentation for Personal Expenses and Advance Expenses

What Went Wrong
• Inadequate documentation
• Personal expenses
• Insufficient review of available documentation
• University waited 2 years to notify NSF

What Went Right
• University ultimately notified NSF of concerns

Outcomes
• $2.7 million settlement
• 5-year compliance plan
INVESTIGATIONS
CASE STUDY #5

Data Falsification
and Plagiarism

What Went Wrong
• NSF-supported graduate student: falsified data, plagiarized another researcher's dissertation, and committed ethical violations in preparing and submitting manuscript

What Went Right
• Accurate and thorough university investigation
• Publications retracted
• Required better student training going forward

Outcomes
• 3-year debarment
• 6 years’ certifications and assurances
What Went Wrong
• Faculty member PI and NSF reviewer copied from an NSF proposal he reviewed into his own; and
• Plagiarized from various sources in other proposals

What Went Right
• PI acknowledged copying the material
• University required the PI to submit plagiarism reports for proposals and papers for 3 years and complete training

Outcomes
• 2-year debarment of PI
• 5 years’ certification and assurances; prohibited from serving as NSF reviewer, advisor, consultant, or rotator
Best Practices

Read and know the applicable grant conditions, rules and regulations when receiving federal grant funds
- Provide and Document (Mandatory) Training

Maintain adequate documentation to support all expenditures, including cost share (during, not after the fact)

Ensure your financial reporting matches your financial records

Do not expend award funds post-expiration or for purposes unrelated to the award

Do not provide inaccurate information or false certifications to grantee institution or federal agency
- If you notice an issue, timely self-disclose

When in doubt, ask
Protected disclosures can be made to management, OIG, or Congress. Check out oig.nsf.gov/resources-outreach/whistleblower-information for more information.
Whistleblower
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Keep in touch!

For more questions/info:
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Follow us on Twitter at @nsfoig
Visit our website at oig.nsf.gov

To report fraud, waste, abuse, or whistleblower reprisal:
- File online report:
  oig.nsf.gov/contact/hotline
- Anonymous Hotline: 1.800.428.2189
- Mail: 2415 Eisenhower Avenue, Alexandria, VA 22314
  ATTN: OIG HOTLINE
Questions?

Ask us now, or contact us later!

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