

# Office of Inspector General



## NSF Grants Conference Fall 2021

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# WHAT WE DO

## Office of Audits



We conduct audits of:

- NSF operations and programs
- NSF award recipients (grantees and contractors)
- Financial / IT Reviews

## Office of Investigations



We investigate allegations of:

- Fraud, waste, and abuse
- Research misconduct
- Violations of law, regulation, directive, or policy

## Outreach



We invest in outreach:

- Presentations
- Briefings
- Publications and Brochures
- [www.nsf.gov/oig/outreach](http://www.nsf.gov/oig/outreach)

# Audit Work Plan



# Typical Audits

## External Audits

```
graph LR; EA[External Audits] --- O[Objective]; EA --- DA[Data Analysis]; SA[Single Audit Reviews] --- DR[Desk Review]; SA --- QCR[Quality Control Review];
```

### Objective

determine if costs claimed on NSF awards were allowable, allocable, reasonable, and in compliance with NSF award terms and conditions and Federal financial assistance requirements

### Data Analysis

- systemic risks across the institution
- anomalies, outliers, and aberrant transactions

## Single Audit Reviews

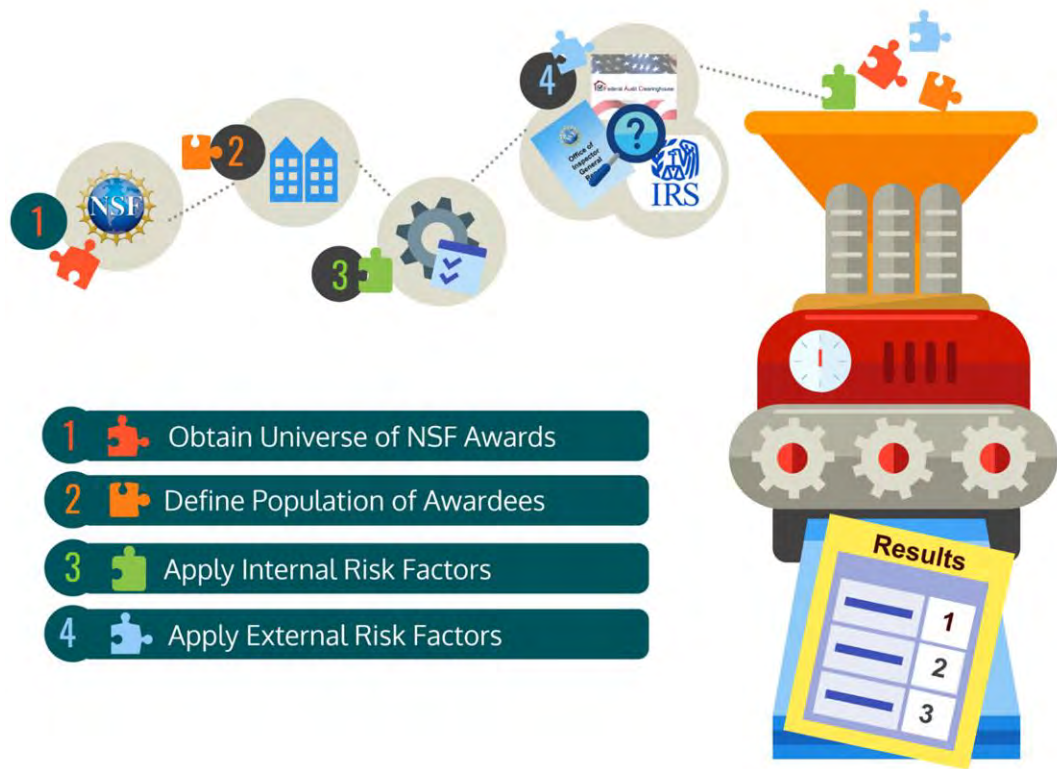
### Desk Review

check for required elements in Single Audits

### Quality Control Review

- review of the auditors' work
- May request copies of source documentation of prior testing
- Recommendations directed at audit firm





- 1 Obtain Universe of NSF Awards
- 2 Define Population of Awardees
- 3 Apply Internal Risk Factors
- 4 Apply External Risk Factors

External Audit Risk Model



# Single Audit Review Selection PROCESS

Over \$7 B in annual expenditures



Desk Reviews and Previous QCRs



Volume and 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 and recommendations with NSF management
- May also use NPFrs during audit

## Step 4



### Exit Conference

Discuss audit results and final recommendations with management

## Step 5



### Official Draft Report

- Provide Auditee official Draft Report of audit
- Auditee typically has 30 days to for official response
- OIG includes response in final report in its entirety

## Step 6



### Final Report

- Award Recipient, NSF, & Congressional Committees
- <https://www.nsf.gov/oig/reports/reviews.jsp>
- [www.oversight.gov](http://www.oversight.gov)
- Twitter feed @NSFOIG



# 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



# Sources of Allegations

Principal Investigators/Co-PIs

Contractors

NSF Program Officers & Other Staff

Ex-spouses/Ex-partners/Disgruntled  
Employees

OIG Office of Audits

University administrators

Review Panelists

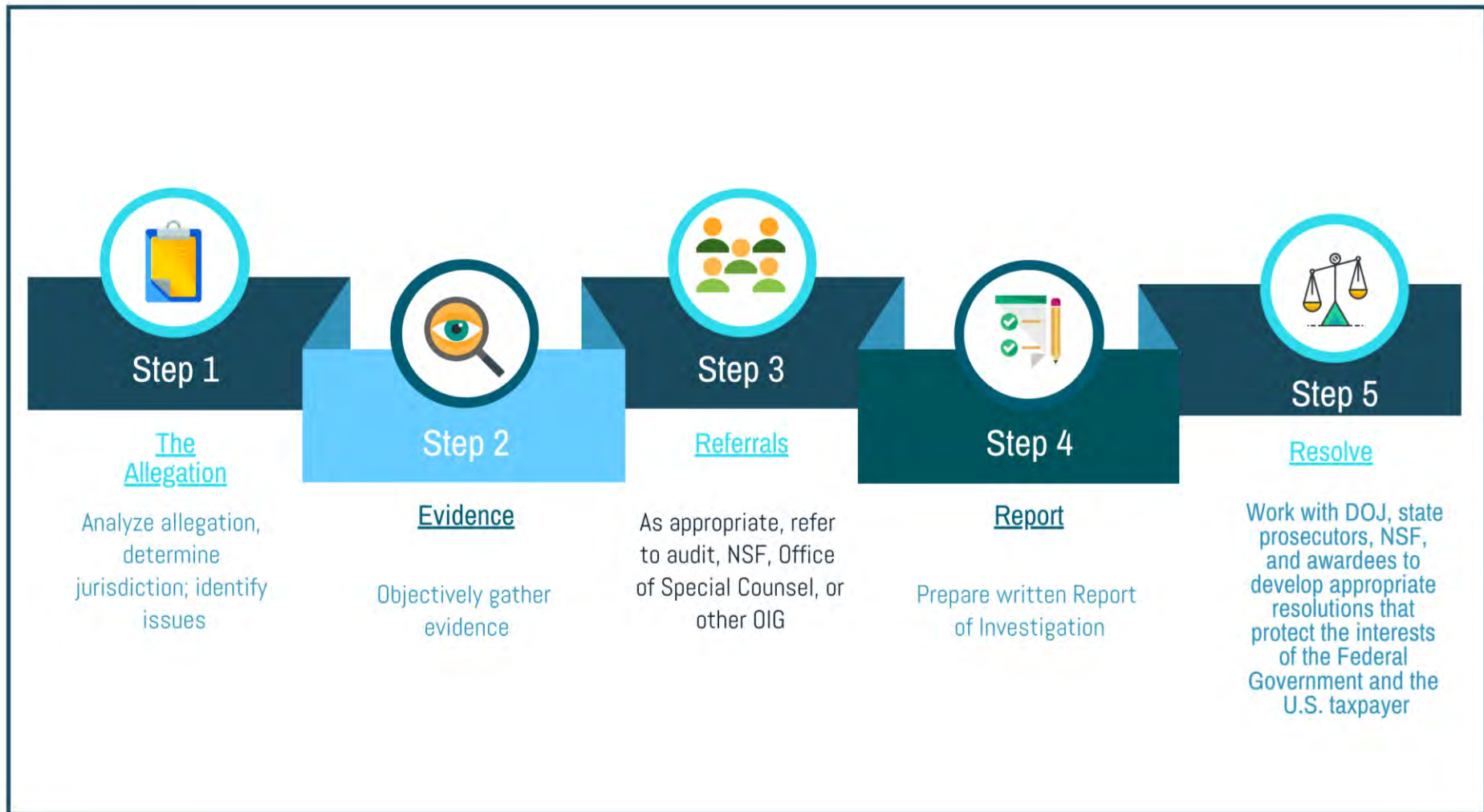
Other Government agencies

Colleagues, Students, Post-Docs

Anonymous hotline callers or informants\*



# The Investigative Process





# Administrative Cases

## Violations of Regulations

### Research Misconduct

- 45 CFR Part 689
- NSF regulation tracks OSTP's Federal Policy
- Defines Fabrication, Falsification, Plagiarism (FFP) and defines "research"

COIs, violations of confidentiality, etc.

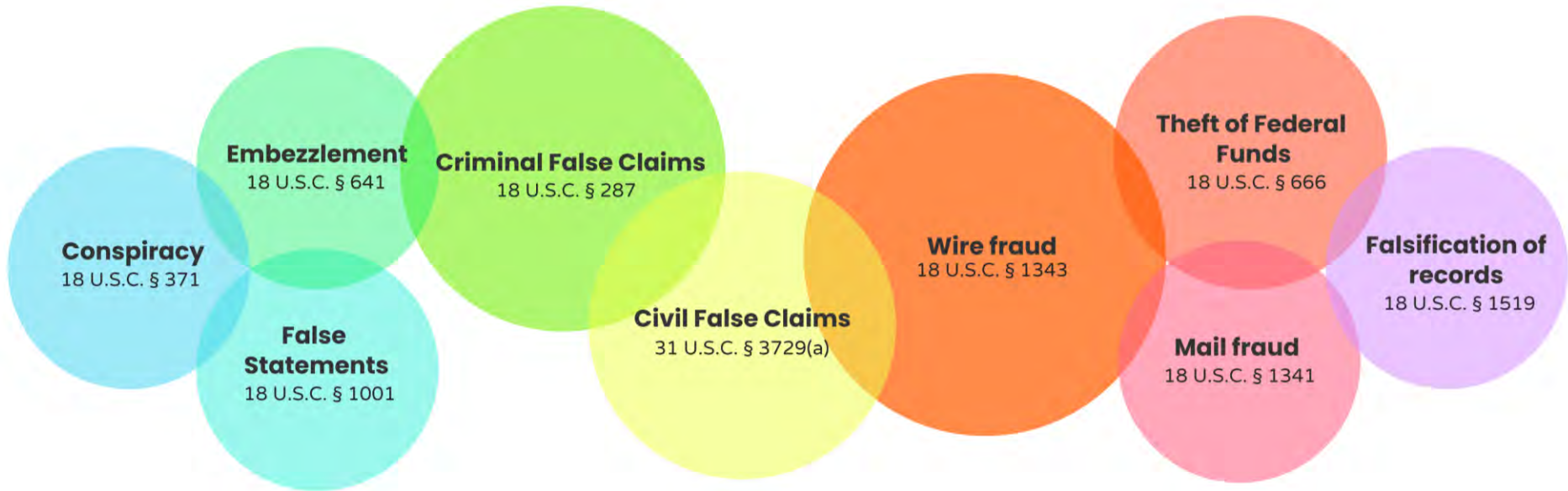
Human subjects research

Whistleblower Retaliation



# Criminal/Civil Cases

## Frequently Violated Criminal and Civil Statutes



# 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:**

- *Audit caught on, asked questions, referred to investigations*



### **Outcomes**

- \$1.17 million settlement, 5-year compliance plan
- Compliance coordinator plead guilty, sentenced to one year probation



# 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



# INVESTIGATIONS 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*





# INVESTIGATIONS CASE STUDY #4

## *Lack of Adequate Documentation for Personal Expenses and Advance Payments*

### 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*
  - *Committed ethical violations in preparing and submitting manuscript*

### What Went Right:

- *Accurate and complete university investigation*
- *Publications retracted*
- *Required better student training going forward*



### Outcomes

- 3 year debarment
- 6 years certifications and assurances



# Best Practices

Read and know the applicable grant conditions, rules and regulations when receiving federal grant funds

- Provide and Document (Mandatory) Training

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



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

Ensure your financial reporting matches your financial records



When in doubt, ask





# WHISTLE BLOWER PROTECTION

## Who is protected from Retaliation for making Protected Disclosures?



Current and Former NSF Employees



Applicants for NSF Employment



Employees of a Federal Contractor or Subcontractor



Employees of Grantee or Subgrantee

## What are protected disclosures?



Violations of any law, rule, or regulation



Gross waste of funds, gross mismanagement, and abuse of authority



Substantial and specific danger to public health and safety

Protected disclosures can be made to management, OIG, or Congress  
Additional Information: [www.nsf.gov/oig/whistleblower.jsp](http://www.nsf.gov/oig/whistleblower.jsp)



# whistleblower OMBUDSMAN/COORDINATOR

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# Questions?

## General

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## Semiannual reports

<http://www.nsf.gov/oig/reports>

