Office of Inspector General

NSF Grants Conference
June 1-2, 2015

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Office of Inspector General
National Science Foundation

Who We Are

Expertise in areas of research grant and contract administration
What We Do

- **Office of Audit**
  - We conduct internal/external audits:
    - Financial
    - Performance
- **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_all.jsp](http://www.nsf.gov/oig/outreach_all.jsp)

Office of Audit

- Audit NSF-funded grants, contracts, and cooperative agreements
- Determine if claimed costs are allowable, reasonable and allocated properly
- Oversee annual NSF financial statement audit
- Promote economy/efficiency in NSF financial, administrative, and programmatic operations
Development of Audit Workplan

- Work Required by Law
  - Agency Financial Statement Audit (CFO Act)
  - Federal Information Security Management Act (FISMA)
  - Improper Payment Elimination and Recovery Act (IPERA)
  - American Recovery and Reinvestment Act (ARRA)
- Congressional Requests
- Referrals from Investigations
- National Science Board and NSF Suggestions
- OIG Risk-based Assessments
  - NSF Management Challenges
  - Continuous Monitoring

Award Administration

Grant Recipient Responsibilities

We Look At
- Financial management system and expenditures
- Accuracy and timelines of reporting, notifications
- Participant support, sub-award monitoring
- Effort reporting

Common Findings
- No approvals, no procedures for determining allowable costs
- Effort reporting not timely, not approved by appropriate official
- Budget not compared to actual expenditures
- Participant support reallocated without prior NSF approval
- Inadequate sub-award monitoring

OMB Circulars A-110, A-133
Cost Compliance

Costs must be allowable, reasonable, allocable, documented, and consistent in treatment.

We Look At
All costs claimed on NSF awards. We use data analytics to identify risk areas.

Common Findings
- Unsupported expenditures
  - Reimbursements not documented (invoices, etc.)
  - Time and effort not timely, not signed/certified
- Unallowable expenditures
  - Direct charges for costs in the indirect pool
  - Excess faculty/senior personnel salaries (unless NSF-approved)
  - Meals, non-related travel, alcohol
  - Unapproved changes in participant support

OMB Circulars A-21, A-87, A-122

Framework for Grant Oversight

- Data analytics-driven and risk-based methodology
  - Identify institutions that may not be using Federal funds properly; identify questionable expenditures
- Life cycle approach to oversight
  - Mapping of end-to-end process to identify controls
  - 100% review of key financial and program information
  - Focus attention on expenditure anomalies
- Complements traditional oversight approaches
End to End Process for Grant Oversight

PRE-AWARD RISKS
- Funding Over Time
- Conflict of Interest
- False Statements
- False Certifications
- Duplicate Funding
- Inflated Budgets
- Candidate Suspended/Debarred

ACTIVE AWARD RISKS
- Unallowable, Unallocable, Unreasonable Costs
- Inadequate Documentation
- General Ledger Differs from Draw Amount
- Burn Rate
- No/Late/Inadequate Reports
- Sub-awards, Consultants, Contracts
- Duplicate Payments
- Excess Cash on Hand/Cost transfers
- Unreported Program Income

AWARD END RISKS
- No/Late Final Reports
- Cost Transfers
- Spend-out
- Financial Adjustments
- Unmet Cost Share

Example: Equipment Charges Incurred Immediately Before Grant Expiration Date

<table>
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<tr>
<th>GRANT ID</th>
<th>OBJECT DESCRIPTION</th>
<th>GRANT EXPIRATION DATE</th>
<th>TRANSACTION DATE</th>
<th>LEDGER POST DATE</th>
<th>FINANCIAL AMOUNT</th>
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**Same day as expiration**

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**57 days before expiration**

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**46 days before expiration**

**TOTAL** 196,636.53
Office of Investigations

- Detect and prevent fraud
- Investigate criminal, civil, administrative matters
- Address alleged wrongdoing involving proposals and awards and those who conduct business with, or work for NSF

Allegations

- Allegations
  - Violation of law, regulations, award conditions, or policies
  - Mismanagement
  - Waste of funds
  - Abuse of authority

- Type of Allegations Received
  - Fraud
  - False Statements
  - Theft or abuse of government funds
  - Plagiarism or intellectual theft
  - Falsification/Fabrication of data
  - Employee Misconduct
  - Conflict of Interest
  - Failure to share data
Sources* of Allegations

- Principal Investigators/co PIs
- NSF Program Officers
- Other NSF Employees
- Review Panelists
- Government Agencies
- Graduate Students
- University Administrators
- Contractors
- Anonymous Hotline Callers or Informants

*Anyone may confidentially contact OIG to report potential wrongdoing

Investigative Process

- Determine jurisdiction; identify issues
- Objectively gather evidence
- As appropriate, refer to audit or other OIG
- Prepare written Report of Investigation
- 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
  - NSF Research Misconduct Regulation:
  - NSF regulation tracks OSTP’s Federal policy
  - Defines Fabrication, Falsification, Plagiarism (FFP) and defines “research”
- COIs, Violations of Confidentiality, etc.

Criminal/Civil Cases

- Violation of Statutes:
  - False Claims – 18 U.S.C. § 287
  - Mail Fraud – 18 U.S.C. § 1341
  - Wire Fraud – 18 U.S.C. § 1343
  - Civil False Claims – 31 U.S.C. § 3729(a)
- Abuse of federal rules and regulations
- Other actions that could compromise the integrity, efficiency, and operations of NSF
Outcomes of Investigations

- Refer to law enforcement authorities
  - Criminal or civil matters may result in:
    - Prosecution
    - Settlement Agreement / Compliance Agreement
    - Fines, Reimbursements, Incarceration

- Refer to NSF
  - Administrative matters may result in:
    - Termination / Restrictions on Awards
    - Certifications / Assurances
    - Suspensions / Debarments
    - Reprimands / Retractions

- Refer to OIG Audit

Criminal Prosecutions

- Our jurisdiction follows NSF funds
- ~ 70 civil/criminal investigations underway
- 6 current prosecutions across the U.S.
- Recently concluded prosecution of SBIR company owners right here in Tampa
  - Conspiracy to commit wire fraud
  - Wire fraud (7 counts)
  - Aggravated identity theft (5 counts)
  - Falsification of records (2 counts)
- Both owners facing max 20 years in prison; sentencing set for May 28, 2015
Whistleblower Protection

• A core value of OIG is protecting NSF employees, contractors, and grantees who step forward to identify potential wrongdoing
• Federal law prohibits retaliation for providing information reasonably believed to evidence
  • a violation of law, rule, or regulation
  • gross mismanagement
  • gross waste of funds
  • abuse of authority, or
  • a substantial and specific danger to public health and safety

Whistleblower Protection

• **NSF federal employees** are protected if they make a whistleblower disclosure to the US Office of Special Counsel, the OIG, or a supervisor
• **Employees of NSF contractors and grantees** are protected if they make a whistleblower disclosure to their management, an OIG, or an official responsible for investigating misconduct
• **Both** federal employees and contractor/grantee employees are also protected for communications to Congress or the media
Whistleblower Protection Ombudsman

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When should you contact OIG?

• Report significant administrative or financial problems
• Report allegations of wrongdoing
  ◦ Research misconduct
  ◦ Fraud / theft involving NSF funds
  ◦ Violation of regulation, directive, or policy

NFHotline
OIG Outreach

- Presentations at conferences and seminars
  - For students, PIs, and administrators
  - OIG outreach visit can be requested

- Fact sheets and brochures, briefings, conference presentations
  www.nsf.gov/oig/outreach_all.jsp

- OIG Semiannual Report
  http://www.nsf.gov/oig/pubs.jsp

Contact NSF OIG

- Internet:
  www.nsf.gov/oig/

- Mail:
  4201 Wilson Blvd., Arlington, VA 22230

- Phone:
  703-292-7100

- Hotline:
  1-800-428-2189

- E-mail Hotline:
  oig@nsf.gov
Questions?

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