

Investigations

The Office of Investigations handles allegations of fraud, waste, abuse, and mismanagement in NSF programs and operations, as well as allegations of research misconduct associated with NSF programs and operations. We work in partnership with NSF, other federal agencies, and awardee institutions to resolve issues whenever possible. As appropriate, we 1) refer our investigations to the Department of Justice or other prosecutorial authorities for criminal prosecution or civil litigation, 2) recommend administrative action to NSF, or 3) recommend debarment. The following is an overview of investigative activities, including civil and criminal investigations, significant administrative cases, and focused reviews.

Civil and Criminal Investigations

Investigation Leads to Guilty Plea and Prison

A researcher was sentenced to a year in prison after pleading guilty to embezzling \$202,000 in NSF grant money and other funds. In 1994, a nonprofit organization engaged in scientific research and education activities received a 5-year, \$3.8 million grant to enhance local public school teachers' communication of science to their students. The subject was hired to work under the grant as Co-Principal Investigator, and spent the next 5 years embezzling funds and stealing items purchased under the project.

The organization became suspicious of the subject in 1999 and began an internal review. He acknowledged the fraud uncovered by the organization, but did not disclose the full extent of his fraudulent activities, which were subsequently uncovered during the OIG investigation. The organization allowed the subject to continue working on the grant project, though it removed his ability to charge expenditures to the grant and required him to repay the \$108,497 over the next 4 years. The organization reimbursed \$56,676 to NSF, the portion of the subject's theft attributable to the NSF grant.

After examining all of the organization's records pertaining to expenditures under the NSF grant, we found a large number of suspicious transactions that had not been previously identified by the

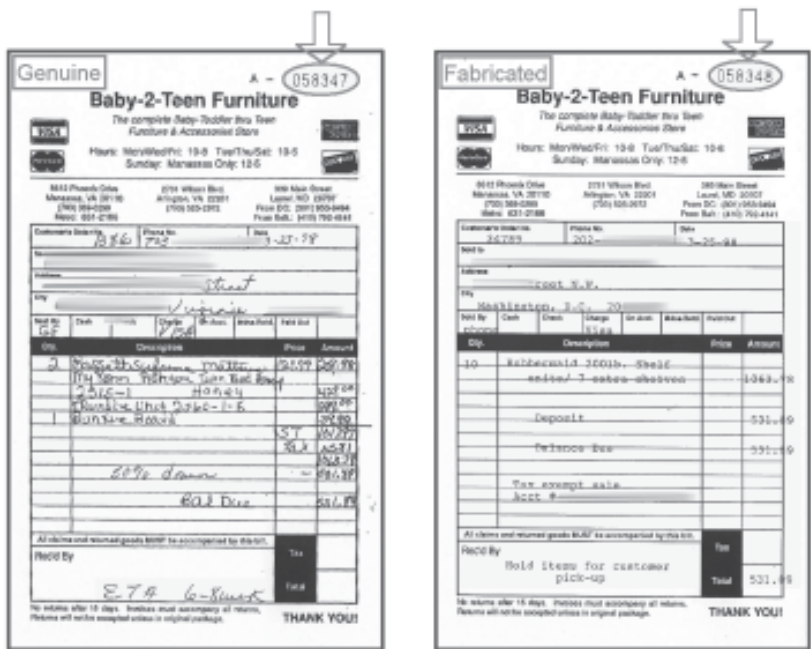
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organization. An extensive interview with the subject confirmed the full scope of his fraudulent activities.

Slightly more than half of the subject’s fraud was accomplished by purchasing items with NSF grant funds and other project-related accounts and taking them home for his personal use, thereby committing the crime of conversion. The subject converted literally hundreds of items over a period of five years. He habitually used the VISA card issued to him for the project by the organization as if it were his own, buying expensive clothing and jewelry for his wife, clothing and toys for his children, and household items such as groceries, garden and pet supplies, and hardware.

When the subject purchased items for his personal use that could plausibly be considered as project-related (such as science-related children’s books), he accurately identified them on the reimbursement form. For receipts that contained no information about the nature of the store or the items purchased, the subject simply made up explanations that sounded project-related. He also fabricated invoices and receipts when the actual receipt or invoice would reveal that the items were clearly for his personal use. An example is shown below.



The original receipt (left) indicates that the subject bought furniture for his home using the organization’s VISA card. The document on the right was fabricated using a blank receipt from the store pad.

The subject also embezzled funds from the grant. For a 2½-year period when his wife worked on the project, the subject filled out her timesheets with falsified hours and forged her signature. Although the subject kept no records of the hours his wife actually worked, based on his testimony it is estimated that the subject embezzled approximately \$83,646.

Based on his admissions and the extensive evidence against him, the subject agreed to plead guilty to one count of violating 18 U.S.C. § 666, “theft or bribery concerning programs receiving federal funds.” The Government and the subject agreed that the amount of loss was \$202,000. The subject sought a reduction of the sentence range mandated by the U.S. Sentencing Guidelines, arguing diminished mental capacity. The subject’s expert diagnosed him as suffering from bipolar disorder, and urged the court to absolve the subject of all responsibility for his crimes. However, an expert retained by the Government noted that, regardless of whether the subject is or was suffering from bipolar disorder, his condition did not impair his mental abilities between 1994 and 1999 in the manner required for a reduction under the Guidelines. The court rejected the subject’s request for a reduction and sentenced him to serve 1 year in prison, followed by 2 years of supervised release. He was also ordered to pay restitution to NSF in the amount of \$93,503, in addition to what had been previously repaid.

NSF Employee Refuses to Cooperate With Investigation

An NSF employee sold stolen property thru the agency’s electronic bulletin board (EBB) and then refused to cooperate with a subsequent investigation. OIG has recommended that her employment be terminated. The investigation was opened when a number of identical electronic devices were advertised for sale on the EBB at a steeply discounted price. Current NSF policy permits employees to use NSF resources, including the EBB, if there is no cost to the agency and the use is neither illegal nor in promotion of personal business interests. In this case, advertising several identical items seemed consistent with conducting a business, and prompted OIG to investigate.

In the course of the investigation, the employee provided serial numbers for two of the electronic devices sold through the EBB, from which we determined that they were part of a stolen shipment. During questioning, the employee acknowledged placing the advertisement on the EBB, but refused to tell investigators where she got the items and to whom she sold them. All efforts to identify the source of the items and the subsequent purchasers by other means were unsuccessful. The employee repeatedly refused to cooperate with our investigation, even after she was informed of NSF’s policy requiring full cooperation with OIG investigations.

South Pole Computer Security Is Compromised in Three Incidents

The U.S. Antarctic Program experienced three separate computer related incidents in as many months. In the most serious incident, NSF received an email from a hacker stating that he had breached the South Pole Station network. The hacker claimed to have downloaded everything on the network and threatened to sell the information to “the Russians or the media” if NSF did not pay him. A joint investigation with the FBI resulted in the arrest of two computer hackers in Bucharest, Romania. The hackers are awaiting trial in Romania, pursuant to cyber-crime related violations and extortion.

In another incident, a grantee’s computer servers at NSF’s Admundson Scott South Pole Station were defaced by a hacker. The intrusions exploited vulnerabilities in the servers’ operating system (which had not been upgraded) as well as inadequate firewall rules. While this hack did not threaten the safety of station personnel or continued operations, we were concerned because other systems share the same network and could have been affected had the intruder introduced a hidden program.

Finally, it was reported to NSF that a computer on its U.S. Antarctic Program network had been compromised and was part of a drone network, meaning it could be used to commit a Distributed Denial of Service attack. The machine was a personal laptop owned by a grantee working at McMurdo Station. Apparently, no operational systems were affected, and the compromised machine was promptly removed from the network. This incident highlighted the need for procedures to ensure that compromised machines do not connect to NSF’s networks.

Investigation of Cost-Sharing Concerns

A Principal Investigator submitted a final report to NSF stating that required cost-sharing funds were not used to upgrade the computer as proposed. We asked that the university supply us with financial documentation to support the costs associated with the grant. While assembling the documents, the university confirmed that, it had not fulfilled its cost-sharing requirement.

As part of its reply, the university expressed a strong desire to correct its oversight and included several proposals for corrective action. We forwarded these proposals to NSF’s Division of Grants Administration for comments and approval. NSF decided that the university would be permitted to purchase the computer equipment initially identified to fulfill the cost-sharing requirement for the original grant and provide continued support to current grants in the same research field. The university was notified and agreed to provide funds totaling approximately \$42,000 for the purchase of the computer upgrades.

Over \$100,000 in Grant Funds Are Restored

A university returned over \$100,000 in funds that were incorrectly charged to a grant as the result of an OIG inquiry into two allegations that NSF grant funds were spent for unauthorized projects.

The first allegation was that various claimed costs that went primarily for supplies were inflated and billed to grant accounts, with the funds transferred to other university unrestricted accounts for use by the department. We found that the university had been informed of the allegation and audited the NSF grants associated with the department. The audit did not identify any specific wrongdoing on the part of university staff, but did find \$16,770 in unsupported costs that we confirmed were returned to the grant. In response to the audit report, the university also implemented new procedures for allocating supply expenses to various grant accounts.

The second allegation asserted that a Principal Investigator (PI) for an NSF grant had improperly charged approximately \$18,000 in labor and other indirect costs to the NSF grant. It was alleged that on two occasions the PI billed the NSF account to pay employees for work performed for his private company, and that the PI's lab was being financially mismanaged, with an operating deficit in excess of \$1.5 million.

We requested that the university conduct an audit of the labor costs associated with the NSF grant at issue. The audit report identified a total of \$95,606 in labor charges and associated indirect costs that were inappropriately charged to the NSF grant account, due to poor financial management of the lab. There was no information or evidence to indicate that the incorrect charges were intentional or involved any potentially criminal activity. Based on the audit findings, the university returned \$95,606 to the active grant account to be used in accordance with the grant conditions, and implemented appropriate corrective actions.

NSF Places Research Company on Cost-Reimbursement Status

At OIG's recommendation, NSF placed a for-profit research firm on cost-reimbursement status because of inadequate accounting. We received an allegation that the company had over-billed NSF for hotel and meal expenses. At our request, the company retained an outside auditing firm that determined that the company's accounting procedures, systems, and supporting documentation were flawed and did not provide adequate information about expenditures. The review also revealed numerous other problems with the company's accounting system. Although our review of company records and interviews with employees raised additional concerns regarding the management of the federal funds, we found no evidence of fraud.

The company agreed to establish adequate accounting systems and to reconstruct accounting records for NSF awards to comply with the grant terms and conditions. Based on the company's unreliable records and poor management of NSF award funds, we recommended that NSF place the company on a Reimbursement Payment Agreement. We plan to monitor the company for a period of one year to assess progress in complying with the imposed cost reimbursement payment agreement.

Grantee University Works to Develop Sound Internal Audit System

In connection with an \$812,494 settlement of a case against a major northwestern university, OIG conducted a review of the questionable internal control policies and procedures involved in the matter. The university had adopted a corrective action plan as part of the settlement of a previous case with another federal agency. However, when reviewing the university's internal investigation report, we identified a number of problematic controls including: 1) inadequate documentation for time and effort, personnel and equipment charges, cost sharing, and program income; 2) commingling of federal project charges and of private and federal funds; 3) inadequate review of conflict-of-interests issues; and, 4) absence of employee training in the relevant areas.

At our request, the institution conducted an independent audit of its systems to ensure that the controls in question provide reasonable assurance of good management. The audit was reviewed and approved by an external reviewer. The audit found that many of the university's systems that were established as part of the corrective action plan worked to ensure compliance with federal regulations, but it also noted that there were still instances where quarterly effort certification cards were not always completed, and effort reported as cost sharing was not accurately recorded. It also found that purchases from the university storehouse

were not adequately justified and that follow-up was needed to ensure the accuracy of annual internal activity reports. Finally, the university found some instances in which annual technical reports were not submitted timely to federal agencies. The university stated that for the instances where it was not in compliance with its internal policies or its policies needed revision, it had developed resolutions to the problems. The external reviewer concurred with the results of the audit and the university's proposed resolutions.



Dr. Boesz congratulates Barbara Palmer for her 35 years of distinguished federal service.

NSF Program Assistant Fabricates Jury Duty Notice

We received an allegation that an NSF program assistant (PA) asked a colleague to create a jury duty notice to justify the PA's absence from work. Accompanying the allegation were two supporting documents: a copy of an apparent jury duty notice from Prince George's (PG) County, Maryland; and an email message from the PA to the colleague containing the same PG County logo as appears on the jury duty notice.

We determined that the jury duty notice had been fabricated by the PA and intentionally submitted to receive salary for a day she did not work. We reported our findings and conclusions to the PA's division director and recommended that appropriate action be taken.

NSF Proposes Debarment of University Grant Administrator

In our March 2003 Semiannual Report (Page 34) we reported that an A-133 audit revealed that a university grant administrator fraudulently charged \$235,000 to various university accounts. The administrator pled guilty and was sentenced to 18 months in prison followed by 3 years of supervised release and ordered to pay restitution to the institution. The institution implemented procedures to minimize a recurrence of the fraudulent activity. In August 2003, NSF sent the former grant administrator a letter advising him of NSF's proposal to debar him from obtaining the benefits of federal grants for a period of three years.

Administrative Investigations

Reports Forwarded to the Deputy Director

PI Takes Ideas for NSF Proposal From Another PI's Proposal

We received an allegation that a proposal submitted to NSF contained more than a page of text and associated ideas plagiarized from a confidential research proposal submitted by other scientists to another agency. After confirming that the PI had received the research proposal for merit review prior to his submission of the NSF proposal, we wrote separately to the PI and co-PI requesting explanations. Only the PI responded, admitting that he received the research proposal for review and accepting full responsibility for the copied text. The PI said he developed the ideas, working closely with one of the research proposal's authors. He opined that, because he suggested one of the research proposal's authors as a reviewer for his

NSF proposal, he clearly did not plagiarize intentionally. We determined that the allegation had substance and referred it to the university for investigation.

The university committee interviewed the PI, the co-PI, several experts, and one of the research proposal's authors. It exonerated the co-PI from any culpability, but found that the PI knowingly copied the language and ideas from the research proposal, an act that was a significant departure from the standards within his field of study. The committee determined that the copied material represented the scientific core of the research proposal and the NSF proposal. It concluded that the PI's plagiarism from a confidential proposal was egregious, representing a threat to the integrity of science because (1) it is harder to discover plagiarism in confidential proposals; (2) it raises the possibility of individual gain with the use of new and novel ideas not yet in the published arena; and (3) it potentially discourages scientists from presenting their best ideas in confidential proposals.

The Committee concluded that the PI's plagiarism represented very serious research misconduct, aggravated by: (1) the PI's breach of the confidentiality in the peer review process clearly established by the agency; (2) the PI's "inability or unwillingness" to comprehend the serious nature of his misconduct; and (3) the PI's interception of OIG's initial Federal Express letter to the co-PI, which prevented the co-PI from responding to defend himself, potentially obstructing NSF's inquiry.

The university sanctioned the PI by: 1) reprimanding him; 2) withdrawing any federal government proposals he submitted as PI; 3) removing his name from pending federal government proposals on which he was a co-PI or key personnel; 4) prohibiting him from submitting proposals for funding to any federal agency for 2 years; 5) prohibiting him from acting as a peer reviewer for research proposals for any federal agency for 3 years; and 6) requiring him to certify and provide assurances for 3 years for any proposal he submits to any funding source that the work in the proposal is original to him or appropriately cited. Based on the evidence, we concurred with the university's findings and accepted its report.

We forwarded our report to NSF, recommending that NSF make a finding of research misconduct. Consistent with the university's actions, we recommended the PI receive a letter of reprimand, be debarred for 2 years from receiving any federal funds and, further, to protect the merit review process, we recommended that the PI be prohibited from reviewing any NSF proposals for 3 years. This case is awaiting the agency's adjudication.

Debarment Recommended in Plagiarism Case

We received an allegation of multiple instances of plagiarized text in a collaborative proposal submitted to NSF. We contacted the PI (subject) who assumed responsibility for inclusion of the duplicated texts and conceded that the sources were not referenced in the proposal. He asserted that because the text was used for

general descriptions, he did not consider it necessary to cite the references. Further, because some of the plagiarized documents were authored by researchers with whom collaborations were proposed, he did not consider citations necessary in those cases either. Finally, he suggested that the rush to complete the proposal by the submission deadline might have changed his citation practices.

The subject assured us that there were no other instances of plagiarism in proposals he had previously submitted to NSF. However, after examining three other NSF proposals submitted by the subject, we found one that contained a substantial overlap in text with the original proposal examined, as well as additional instances of plagiarism. We determined that the allegation had substance and referred it to the university for investigation.

The subject suggested to the university's investigation committee that proposals should be held to different standards of scholarship than publications. The subject indicated that two proposals he submitted to other federal agencies included the same plagiarized text identified within the NSF proposals. After being confronted with the allegation of plagiarism in his NSF proposal, he contacted the program officers at those agencies to provide correct attributions for the text in those proposals.

The committee concluded that each instance of text duplication in the two NSF proposals constituted plagiarism. Moreover, it questioned whether the subject had a clear understanding of scholarship standards and practices of proper citation, citing the subject's contention that the plagiarized materials were in the introduction of the proposal and provided only background and context. The Committee unanimously concluded, by a preponderance of the evidence, that the collective actions of the subject represented a reckless disregard of standards of scholarship, and as such constituted research misconduct. The university's adjudicative actions in this case included non-renewal of the subject's contract with the university, prevention of submission of any grant proposals through the university, review of all research publications submitted by the subject, and a requirement for completion by the subject of a course on ethics and integrity in research.

We agreed with the university that the preponderance of the evidence demonstrates that the subject did introduce significant amounts of plagiarized text into each of two proposals submitted to NSF, and we accepted the report of the Committee in lieu of conducting our own investigation. We also concluded that his lack of proper citations departed significantly from the standards of scholarship and that the subject's intent was to save time and effort in proposal preparation. Based on extensive plagiarism in two proposals submitted by the subject to NSF, and similar plagiarism in proposals submitted to other federal agencies, we concluded that the plagiarism was part of a pattern of behavior by the subject.

We have forwarded our report to the agency and have recommended that NSF take the following actions as final disposition in this case: 1) a letter of reprimand informing the subject that NSF has made a finding of research misconduct against

him; 2) debarment of the subject from participation in federal programs for a period of one year from the date of an agency finding of research misconduct; and 3) certification and assurances for two years following the end of the debarment period, by a responsible official, that proposals submitted by the subject are free of plagiarism. This case is awaiting agency adjudication.

Action by the Deputy Director

Computer Scientist Enters into Voluntary Exclusion Agreement

In our March 2003 Semiannual Report (pp. 36-37), we described the case of an assistant professor of computer science (the subject) who incorporated text from another scientist's successful proposal into his own Faculty Early Career Development proposal. We referred the matter to the subject's university, which investigated and found that he had committed plagiarism constituting misconduct in science. The university Provost decided that the seriousness of the matter warranted termination and placed the subject on a one-year nonrenewable contract. Our further investigation uncovered plagiarism in four other NSF proposals as well as the subject's doctoral dissertation, demonstrating a substantial pattern of plagiarism warranting debarment. To protect the interests of NSF and the federal government, we recommended that the subject be debarred for three years and excluded from serving as an NSF reviewer, advisor, or consultant for a period of five years.

During this semiannual period, the subject completed his one-year teaching contract and took a faculty position outside the United States. NSF and the subject entered into a settlement agreement under which the subject voluntarily excludes himself from receiving U.S. federal assistance and benefits for a period of 18 months and is prohibited from serving as an NSF peer reviewer or panelist during that period. The subject also agreed to complete a two-week training session on citation methods and practices for scientific papers.

Significant Administrative Cases

PI Plagiarizes Text From Published Article

We received an allegation that an NSF proposal contained more than two paragraphs of background text plagiarized from a published paper. In response to our inquiry, the PI accepted full responsibility for the plagiarism, explaining that he failed to cite the text in his rush to complete the proposal. Because the allegation had substance, we referred it to the PI's university for investigation.

The university's investigative committee determined that the PI was solely responsible for the copied text. Further, it found that the PI committed self plagiarism when he copied background text from his earlier publication into a more recent publication without appropriately citing the source of the text. Finally, it concluded that the PI's copying of text in the NSF proposal and his self-plagiarism was a deviation from accepted practices and represented a pattern of behavior. The committee concluded that the PI committed misconduct in science, as defined by the university's policy.

The university's adjudicator accepted the committee's assessment that the PI plagiarized text from the paper into his NSF proposal, but disagreed that the PI's self-plagiarism constituted evidence of a pattern of behavior. The adjudicator concluded the PI committed misconduct in science, sent him a letter of reprimand, and required him to certify to university officials for 3 years that any proposal sent to an external funding agency contains no plagiarized material.

We accepted the university's evaluation and decision. Because the university did not find the PI's behavior to be a serious deviation from accepted practice within his community, the conduct did not meet the federal definition of research misconduct. We also believe the university's actions adequately protected the interests of the federal government. We discussed our decision with NSF and wrote to the PI warning him to be more vigilant in the future when he prepares material for proposals or publication.

Employee Who Abused Telephone Privilege Resigns

Our March 2003 Semiannual Report to the Congress (page 38) summarized the results of a proactive review into long distance phone charges at NSF and an isolated instance in which an NSF employee made a large number of personal long distance phone calls, including calls in support of the employee's outside business activities. We completed an investigation in the case of that employee and referred the results to NSF for administrative resolution. Shortly thereafter, NSF provided a notice of proposed separation to the employee and afforded the employee a statutorily mandated response period. Rather than responding, the employee resigned from her position and from the federal service.

FINDING OF MISCONDUCT DEFINED

A finding of misconduct by NSF under the new research misconduct regulation requires proof by a preponderance of the evidence that: (1) there was a significant departure from accepted practices of the relevant research community; and (2) the research misconduct was committed intentionally, knowingly, or recklessly. We asked the university to readdress these points, since the language of its report was unclear. Because the alleged conduct occurred before April 17, 2002, NSF used the following definition of misconduct in science: "Fabrication, falsification, plagiarism, or other serious deviation from accepted practices in proposing, carrying out, or reporting results from activities funded by NSF." The university, using the prior definition of misconduct in science explained that (1) it considered the PI's act to be a deviation, but not a serious deviation, from accepted practice; and (2) it found that the PI acted knowingly.

Failure to Comply with Certification Requirements

In this period we addressed three matters involving significant failures to comply with administrative requirements imposed by NSF as a resolution of misconduct cases. In our September 2001 (pp. 35-36) and September 2002 Semiannual Reports (p. 42), we described a case in which a scientist failed to observe requirements imposed by NSF following a finding that he committed misconduct in science. That matter, in which the subject repeatedly and knowingly failed to provide the certifications or assurances that he was required to submit, was resolved with a settlement agreement that required the subject to provide detailed certifications and assurances in connection with any research proposals or reports he submits to NSF for an additional term.

We described a case in our March 2001 (p. 27) and March 2002 (p. 47) Semiannual Reports in which the Deputy Director found that the subject committed misconduct in science when he plagiarized material from another scientist's proposal. The Deputy Director required the subject to provide certifications to OIG for 2 years starting in October 2001, in connection with any proposal submitted to NSF. When we asked the subject why he failed to provide certifications for three proposals he submitted to NSF, both the subject and his dean stated their understanding that the subject's obligations were met by providing certifications *to the university* (a requirement that had been imposed on the subject by the university before NSF's action). The dean provided copies of certification pages that the subject apparently signed, dated, and provided to the university when the proposals were submitted, and on that basis we concluded that the university had acted in good faith.

In contrast, we concluded that the subject had not acted in good faith. The letter from NSF's Deputy Director, which was sent to the subject and not the university, was unambiguous in imposing a distinct requirement that certifications be provided to our office. However, we concluded that the subject's failure to comply with the requirement imposed on him by NSF's Deputy Director did not warrant additional action by NSF. We emphasized to the subject that he should take care to comply with the certification requirement with any proposals he submitted to NSF for the time remaining, and we subsequently received certifications from him during that period.

Finally, we discussed a case in our September 1999 (pp. 19-21) and September 2000 (p. 26) Semiannual Reports in which we concluded that an institution failed to provide reasonable oversight of biohazardous research. On the basis of our report, NSF concluded that "questions remain concerning the effectiveness of the oversight structure of biohazardous research" at the institution, and NSF required the institution to submit supporting documentation with any proposal sent to NSF relating to biohazardous research for a period of three years.

During the three-year period, which expired in July 2003, the institution submitted 16 proposals to NSF related to biohazardous research, but submitted the

required letters with only half of those. On the occasions when we contacted the institution about proposals submitted without the required letters, they were belatedly provided. We wrote to the institution, expressing our concern that its haphazard approach to compliance with the requirements imposed by NSF appeared to reflect continued indifference to biosafety. We sought the institution's views on why additional administrative requirements should not be imposed and asked it to suggest requirements that would result in actual compliance. The institution stated that it would audit its compliance with the requirements for biohazardous research, and also continue to provide documentation of compliance for another year. We determined that these additional steps were responsive to our concerns.

Proactive Reviews

Review of Conference Awards Prompts Investigations

A proactive review of NSF awards for conferences, workshops, and symposia uncovered numerous instances of non-compliance with a variety of grant conditions. Our interest in these awards was prompted by the case of an engineering professor who failed to account properly for \$124,955 in conference registration fees, spent NSF funds improperly, and violated conflict-of-interest rules in the planning and implementation of an NSF-sponsored conference (March 2002 Semiannual Report, p. 50). The award in question was governed by special grant conditions (FL26) which require that conference fees be used to defray reasonable meeting expenses and to offset allowable costs otherwise chargeable to the grant.

We used a stratified random sample of 71 awards for review, drawn from one year's awards for conferences, workshops and symposia. Specific information about the awards was requested from the grantee institutions. Preliminary results indicate that activities associated with these awards generated close to \$1 million in registration and other fees, some of which grantees first discovered in the course of responding to our request for information. We also found numerous instances where grant conditions were violated, particularly in the area of funds designated specifically for participant support. Investigations have been opened, where appropriate, to pursue recoveries and to consider allegations of fraud. One such investigation has already resulted in the return of over \$20,000 in unspent program income to NSF. During the next semiannual period we expect to report on the further outcomes of this project.

OIG Reviews Travel Card Issues

Every NSF employee who travels on official business more than three times a year has a Government Travel Credit Card VISA (“Travel Card”) issued by the Bank of America. At NSF, there are over 1,200 active Travel Card accounts, with a combined credit limit total of over \$19,000,000. While travel Cards are accepted at business establishments like any other VISA card, they are supposed to be used only for official travel and travel related expenses. All NSF travel cardholders are required to sign a Bank of America agreement before activating a travel card. This agreement contains provisions regarding procedures and rules for travel card purchases.

In response to public and congressional interest, as well as an increase in fraud allegations, OIG recently established procedures for periodic proactive reviews of NSF’s travel cards to detect possible fraud and/or abuse. These reviews, along with the investigation of any individual travel card fraud allegations brought through traditional channels, will be conducted with the help of a Bank of America system that enables us to download information on all NSF Travel Card transactions. Our review plan draws on our recent experience with credit card investigations, interagency training, and extensive research on recent federal agency credit card fraud reports. During this semiannual period, our office reviewed several instances of travel card misuse and delinquency by non-frequent travelers. The misuse of the travel card typically involved cash advances and personal, non-travel related purchases in the local area. The misuse cases are being reviewed for appropriate disposition and/or disciplinary action. By following up on the leads generated by the proactive review plan and information obtained from the agency, we provided the agency with specific recommendations for tightening internal controls and improving the monitoring of travel card misuse or delinquency.

OIG Prepares for ECIE Investigative Quality Assessment Review Peer Review

OIG Offices of Investigations across the federal government have been working to develop a process by which they can be peer reviewed to ensure that investigations meet the standards articulated in the President’s Council for Integrity and Efficiency/ Executive Council for Integrity and Efficiency (PCIE/ECIE) *Quality Standards for Investigations*. In connection with the Homeland Security Bill and the receipt of statutory law enforcement authority, the PCIE OIGs developed a schedule for conducting peer reviews of PCIE OIG investigative operations. We are working closely with Government Printing Office’s Office of Investigation to develop voluntary participation in a similar peer review process for ECIE OIGs. At two meetings of the ECIE peer review planning group during this reporting period, representatives of 12 ECIE OIG offices agreed to participate in the process and began preparations for conducting the peer reviews.