

OIG Management Activities

Legal Review

The Inspector General Act of 1978, as amended, mandates that our office monitor and review legislative and regulatory proposals for their impact on the Office of Inspector General (OIG) and the National Science Foundation's (NSF) programs and operations. We perform these tasks for the purpose of providing leadership in activities that are designed to promote economy, effectiveness, efficiency, and the prevention of fraud, waste, abuse and mismanagement. We also keep Congress and NSF management informed of problems and monitor legal issues that may have a broad effect on the Inspector General community. During this reporting period, we reviewed 9 bills that either affected NSF, OIG, or both. The following bill merits discussion in this section.

Program Fraud Civil Remedies Act of 1986 (PFCRA) (31 U.S.C. §§ 3801-3812)

A legislative priority that we support is amending PFCRA to include NSF and the 27 other Designated Federal Entity (DFE) agencies that are currently excluded from participation under PFCRA's enforcement provisions. The OIG's concern involves the ability of DFE agencies to fully implement their statutory mission to prevent fraud, waste and abuse by availing themselves of the enforcement capabilities contained within PFCRA. We have raised the issue of NSF's inclusion under PFCRA in several prior semiannual reports.

The DFEs are generally smaller agencies that intrinsically are more likely to have cases involving smaller dollar amounts. PFCRA sets forth administrative procedures that enable defrauded agencies to proceed administratively to recover double damages and penalties when the amount of loss is less than \$150,000.00. Using the enforcement provisions of PFCRA will enhance NSF and other DFE agencies recovery efforts in instances of fraud that fall below PFCRA's financial cap of \$150,000.00. We believe that by not including DFE agencies, PFCRA fails to maximize its potential. Amending PFCRA to include NSF and the other DFE agencies will strengthen the OIG community's statutory mission to deter fraud, waste and abuse.

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Outreach/Prevention Activities

Partnering with International Agencies

Workshop on International Audit Issues. Our office is continuing its work to ensure the appropriate use of NSF funds spent overseas. We initiated and coordinated the workshop *Accountability in Science Research Funding* to enable compliance and auditing officials from multiple countries to meet, learn about differing requirements, and discuss best practices. Participants presented and discussed models of award monitoring and auditing for science and engineering projects and shared



Discussing international audit issues are: David Schindel NSF, Henry L. Barrett AID Director of Audit, Mary Santonastasso NSF, Debbie Cureton NSF, Tina Boesz NSF IG, Everett L. Mosley AID IG.

best practices. Projects involving international collaborations were also discussed at the meeting. Countries represented at the workshop included Austria, Finland, France, Germany, Netherlands, Norway, Switzerland, European Community, and the United States.

Korean National Science Organizations. OIG audit staff met with representatives from various Korean science and technology organizations, including the Ministry of Science and Technology and the Korean Science and Engineering Foundation, to discuss the role of the OIG in the federal government and issues such as the federal audit resolution process and our relationships with other audit organizations such as the GAO.

Working with the Federal Community

Misconduct in Research Working Group Activities. NSF OIG continues in its leadership role with the President's/Executive Councils of Integrity and Efficiency (PCIE/ECIE) Misconduct in Research Working Group (MIRWG). We presented an update on the status of agency implementation of the federal policy on research misconduct at a PCIE/ECIE meeting. A representative from the working group also provided a report on the status of MIRWG activities to a group from the Office of Science and Technology Policy. Later this fall, we are planning to brief the roundtable of the PCIE/ECIE Inspections and Evaluations Committee on the guidelines the MIRWG has developed to assist other agencies and IGs in conducting investigations of research misconduct allegations. We expect the MIRWG to reconvene late in the year.

Erroneous Payments Working Group. The OIG is participating in a joint working group of members of the PCIE and Chief Financial Officer Council (CFOC) to address improper and erroneous payments. The working group is developing benchmark methods to reduce improper payments and assisting OMB in establishing appropriate guidance. The Improper Payments Information Act of 2002 (Public Law No: 107-300) expanded the Administration's efforts to identify and reduce erroneous payments in the government's programs and activities. All CFO Act agencies must submit their plans for implementation of P.L. 107-300 to OMB by November 30, 2003. Consequently, agencies are carefully examining the risk of erroneous payments in all programs and activities they administer, including grant programs. The Erroneous Payments Working Group will continue to explore this issue and develop guidance and best practices to assist the agencies in their efforts.

Financial Statement Audit Network. One of our senior auditors currently serves as the Chairman of the Financial Statement Audit Network (FSAN), a subcommittee of the Federal Audit Executive Council (FAEC). The FSAN is comprised of auditors from federal agencies, the General Accounting Office, the Federal Accounting Standards Advisory Board, and the Office of Management and Budget. The purpose of the FSAN is to highlight financial statement related issues for discussion during the monthly FAEC meeting. The same OIG auditor is also the co-Chairman of the Members in Government Committee of the Maryland Association of Certified Public Accountants (MACPA).

Inspector General Academy. OIG investigative staff continued to contribute to the Inspector General Academy's "Editing Investigative Products Training Program," teaching a module on English grammar and style under the supervision of Executive Director Terry Freedy.

Presentations

AGA Professional Development Conference and Exposition. At the Association of Government Accountants' 52nd Annual Professional Development Conference & Exposition, OIG presented information and participated in a panel discussion regarding Federal Audit Committees: why federal agencies should have them, and what rules they should follow. Our office was able to provide unique insight regarding this matter, since NSF is one of the few federal agencies that has an audit committee, and our IG reports to the Audit and Oversight Committee of the National Science Board. This topic was of particular interest to the audience because of the new Sarbanes-Oxley law and its implications for the audit community.

OIG Meets with Universities, Small Businesses. During this reporting period, OIG conducted several outreach activities to help raise awareness of compliance issues among NSF grantees. We visited three universities, where we discussed university misconduct policies with administrators, undergraduate and graduate students, and faculty. We explored with administrators what constitutes an effective misconduct policy and how a policy can be formulated to encourage people to bring complaints forward. For example, a university policy might assure complainants that their identity would be kept confidential and that if desired, they could seek the support of their Chair or Dean for bringing an allegation forward.

We also recommended that university misconduct policies state that the specific agency making the grant should be contacted regarding allegations, to avoid delays in case processing. For example, the Office of Research Integrity, which only handles allegations regarding the Department of Health and Human Services, often receives allegations related to other agencies' grants. Finally, we discussed the expectations of the community for the present government-wide misconduct policy and NSF's misconduct regulation, and encouraged the universities to establish a record retention policy for research records created by its researchers.

In discussions with students, we explained general OIG procedures, defined misconduct, discussed data sharing and ownership issues, and conducted case studies. In one session with undergraduates, we had an opportunity to focus on the philosophy behind research ethics, as well as present case studies intended to foster a pragmatic approach to the resolution of misconduct issues.

We also continued our outreach efforts to small business grantees by participating in the 2003 Phase I Grantees Workshop sponsored by the Small Business Innovation Research / Small Business Technology Transfer (SBIR/STTR) programs. We focused on issues that are common with small business grantees and how these grantees can avoid compliance problems.

Assisting NSF with FMFIA briefings. The Federal Managers Financial Integrity Act (FMFIA) requires that all federal agencies assess their management controls and provide an assurance statement on the condition of those controls on

an annual basis. The self-assessment process raises awareness among managers of the importance of good internal controls and surfaces problems at an early stage. During this reporting period, one of our senior audit managers briefed NSF staff on audit risk-assessment techniques and how these techniques can be used in the annual FMFIA annual assurance process.

Publications

Interns Develop Outreach Publications, Facilitate OIG Work. OIG summer interns enhanced our outreach efforts by producing two brochures, one booklet, and one poster. They also developed a database of our civil and criminal cases, from the inception of NSF OIG in 1989 through the present that will assist us in preparing proactive reviews aimed at identifying activities or types of grants that are at risk for fraud. The characteristics of the various cases were summarized and depicted in the brochure and poster, and highlighted in several case studies.

Our interns also worked with the Federal Trade Commission to produce a brochure and a booklet for NSF on Identity Theft. These materials will be distributed to NSF employees at new employee orientation and during the NSF OIG Open House. Our interns further facilitated our work by developing the agenda for the Grant Fraud Working Group meeting to be convened in October, implementing a plagiarism detection program that will facilitate our investigation of these allegations, and analyzing our process for gathering evidence within research misconduct cases.

