

Executive Summary

- The Office of Inspector General has submitted its list of what it considers to be the most serious management and performance challenges facing the National Science Foundation (NSF). Ten challenges remain from last year's list: post-award administration policies; management of large infrastructure projects; cost-sharing; workforce planning; U.S. Antarctic Program; administrative infrastructure; GPRA reporting; cost information; information security; and broadening participation. In addition, five new management challenges appear this year including promoting integrity, project reporting, contract monitoring, accounting for environmental liabilities, and unfunded proposals. **(Page 7)**
- An audit of 27 awards made to the American Geophysical Union (AGU), a nonprofit scientific organization, found that AGU lacked adequate controls to oversee and monitor its 50 subawards amounting to \$1.5 million. Specifically AGU did not: 1) require subawardees to follow rules pertaining to allowable costs; 2) require subawardees provide receipts to support costs; 3) adequately review supporting documentation; 4) ensure that subawardees were trained in grants management; or 5) conduct any site visits to evaluate subawardees' abilities to manage Federal funds. **(Page 15)**
- A review of NSF's travel card program found that in general NSF has effective controls to ensure that its personnel properly use their government travel cards and pay their travel card accounts timely. NSF has improved its monitoring and oversight procedures to detect and address both unauthorized use of travel cards and delinquent accounts. However, OIG also found that NSF cardholders improperly used their travel cards in some instances to pay for items that were not pre-approved, or in situations when other procurement instruments would have been more appropriate. **(Page 15)**
- OIG audited the financial reports submitted by the School District of Pittsburgh (SDP) for the seven-year period

ending September 30, 2003, as part of our ongoing review of awardees under NSF's Urban Systemic Program and Urban Systemic Initiative (USP/USI). The school district could not adequately support approximately \$900,000, or 21 percent, of salaries and wages and related fringe benefit and indirect costs claimed under the award. We also questioned \$2.1 of the \$4.6 million of cost sharing claimed and identified another \$800,000 of cost sharing as "at risk" of not being met, primarily because SDP could not verify that the costs were incurred for the benefit of the NSF awards. **(Page 16)**

- After a three-year investigation, a Florida university agreed to return \$1.495 million to the federal government and entered into a Compliance Agreement for the next five years. OIG initiated an investigation to determine whether the university submitted false statements to NSF after receiving an allegation that the university was misrepresenting the amount of cost-share funds it provided. During the investigation, the documentation submitted by the university failed to account for approximately \$1.4 million of the award funds received from NSF. **(Page 23)**
- A company that received Small Business Innovative Research (SBIR) awards from multiple agencies involving overlapping research submitted the same research results to those agencies. The investigation was initiated after OIG received an anonymous letter claiming that the company had not fully disclosed its research activities prior to receiving its awards. In June 2005, the company signed a Release and Settlement Agreement with the U.S. Attorney's Office, agreeing to pay \$155,500 to resolve this matter, which included full repayment of the 2002 NSF Phase 1 SBIR Award. **(Page 24)**
- The Director of Grants at a community college submitted two proposals as a PI in which he copied substantial portions of text. Most of the passages in question were full paragraphs lacking quotation marks or some other means of differentiating the copied text from his own words. Our investigation further revealed that the Director of Grants was a professional grant writer who prepared the two proposals as a favor to the Co-PIs listed on the proposals. Given the unique set of circumstances in this case, we recommended that NSF make a finding of research misconduct against the PI, send him a letter of reprimand, require him to certify completion of a course in scientific ethics, and require him to certify that any documents he submits to NSF for one year following its finding of research misconduct do not contain plagiarized material. **(Page 29)**