

# Executive Summary

- The Inspector General testified before the U.S. House of Representatives, Committee on Science, Subcommittee on Research that the two most important management challenges facing NSF are strategic management of NSF resources and improved financial performance. Dr. Boesz also submitted a statement for the record before the U.S. Senate Committee on Appropriations that discussed in more detail NSF's challenge in managing large infrastructure projects. (p. 7)
- In accordance with the Chief Financial Officer's Act of 1990, KPMG LLP conducted an audit of NSF's financial statements for FY 2004 and issued another unqualified opinion to NSF. However, the auditors identified post-award monitoring as a reportable condition for the fourth consecutive year. The auditors also identified a second reportable condition concerning NSF's monitoring of its largest contractors. (p. 13)
- At NSF's request, the OIG contracted with the Defense Contract Audit Agency (DCAA), to complete an audit of Raytheon Polar Services Company (RPSC) discussed in an earlier Semiannual Report. The auditors added \$4 million in unsupported costs over what was previously reported, bringing total questioned costs to \$33.4 million, or 9.2 percent of the \$363 million total costs claimed by the contractor for the three year period ending December 31, 2002. Raytheon Polar Services is NSF's primary support contractor for the United States Antarctic Program. (p. 15)
- OIG auditors found that over a 5-year period, approximately 47 percent of the 151,000 final and annual reports required by the terms and conditions of NSF's grants and cooperative agreements were submitted late or not at all. Of the 43,000 *final* project reports, 8 percent were never submitted, and 53 percent were submitted, on average, 5 months late. Of the 108,000 *annual* progress reports, 42 percent were never submitted. (p. 16)

- An audit of awards made by NSF, NASA, EPA, and USDA to establish an endowment fund for the United States-Mexico Foundation for Science (USMFS) found that conditions for the funding stipulated by Congress were not included in the grant agreements. Consequently, the USMFS did not obtain \$5 million or 45 percent of matching endowment contributions from Mexico or implement adequate financial controls to account for and administer almost \$11 million of U.S. endowment funds. (p. 17)
- The investigation of an NSF award to a large city school district was resolved with the execution of settlement and compliance agreements and a \$150,000 reduction in a current award to the district. The case arose when OIG attempted to audit the district and identified a number of significant issues including the district's inability or unwillingness to provide adequate documentation to support the \$13.8 million in costs claimed and \$21 million in claimed cost sharing. (p. 27)
- NSF declined to debar its former Travel Card Program Manager who pled guilty to the willful and unlawful destruction of an official government record, a felony. The manager misused her own government travel card on approximately four dozen occasions, and concealed her misuse from an OIG audit by deleting information from official agency records. (p. 28)
- An EPSCoR institution in Oklahoma voluntarily suspended work with animals under an REU award and ultimately changed the scope of the project to eliminate the animal work when it was unable to achieve compliance with NSF policy. The institution failed to self-identify its work with humans and animals in the proposal, as required, despite its use of both as research subjects. (p. 35)