



September 18, 2007

TO: Assistant Administrator for Procurement
Assistant Administrator for Education

FROM: Assistant Inspector General for Auditing

SUBJECT: Final Memorandum on Audit of NASA Education and Training Grants
(Report No. IG-07-029; Assignment No. A-06-006-00)

The Office of Inspector General (OIG) conducted an audit of NASA's Education and Training Grants. Our objectives were to determine whether (1) all students and faculty receiving support under NASA education and training grants were U.S. citizens, as required by law, and (2) grantees were using grant funds for the intended purposes and in accordance with applicable regulations. We also reviewed internal controls as they related to the objectives. (See Enclosures 1 and 2 for details on the audit scope and methodology and details on the grants reviewed.)

Executive Summary

Based on our review of 22 grants awarded to 18 institutions, we found that education and training grants awarded by NASA were generally being used to support U.S. citizens, as required by law, and grantees were generally using the funds appropriately. We did not identify any non-U.S. citizen students who received grant funding. However, we did find faculty or principal advisors who were not U.S. citizens receiving grant funds and minor instances of questionable grant expenditures.

We found that neither NASA nor the institutions required students or faculty to provide proof of U.S. citizenship prior to NASA awarding the grant or the institution providing the funds. Specifically, we found that controls were not adequate to prevent non-U.S. citizens from receiving grant funding. Both the Code of Federal Regulations (CFR) and the NASA Grant and Cooperative Agreement Handbook (Grant Handbook) require recipients of education and training grants, both students and faculty, to be U.S. citizens. However, NASA does not require proof of citizenship before providing grant funding. When applying for an education or training grant, students must provide NASA their transcripts, a written summary of the proposed research, and the name of the faculty person with whom they are collaborating. While the Graduate Student Researchers Program required students to self-certify that they were U.S. citizens, this self-certification did not apply to faculty. Generally, however, students were not required to include proof of citizenship in their application package; and faculty members were not required to provide any documentation concerning either their research or citizenship.

NASA relies on the institutions receiving the grant funds to ensure that students and faculty are U.S. citizens.

Overall, we were able to verify that 245 students and faculty, of 270 (91 percent), were U.S. citizens. We were unable to verify the citizenship of the remaining 25 students and faculty (9 percent). Therefore, we recommended that NASA verify the citizenship of the remaining 25 students and faculty. In addition, our review identified three instances in which faculty who were not U.S. citizens received financial support through a NASA education or training grant. We recommended that NASA revise grant guidance to require students and faculty to include with their grant application notarized proof of their U.S. citizenship. Generally, acceptable documentation to support citizenship is a valid U.S. passport, birth certificate, or naturalization certificate.

In addition, we found that the institutions were spending the grant funds appropriately, with the exception of three institutions that allowed minor questionable expenditures totaling approximately \$1,500 of the combined grants' total of \$5,384,954. The expenditures were not itemized as part of the grant proposal submission, although in some cases, the costs were generically captured as "enrichment" or "supplies." The questionable expenditures were accepted because the NASA grant specialists did not adequately review the proposals prior to acceptance. We recommended that NASA issue guidance reemphasizing that grant specialists scrutinize applications and question generic line items in grant proposal budgets.

During our review, we discovered that one institution had received two grants from two separate NASA Centers for the same project. On July 12, 2006, we issued an interim memorandum notifying Goddard management of this situation. On July 27, 2006, the Goddard Procurement Officer responded, saying that one grant was cancelled and the funds were deobligated. (See Enclosure 3 for a copy of the final memorandum.)

Management's comments on the draft of this memorandum are responsive (see Enclosure 4). We will close the three recommendations upon completion and verification of management's corrective action.

Background

NASA awards grants under the authority of the National Aeronautics and Space Act of 1958. In carrying out its scientific mission, NASA awards education and training grants as well as research and facilities grants to universities, colleges, and nonprofit entities. Grant recipients are legally obligated to use the funds appropriately and conscientiously. This obligation entails grantees paying attention to how the education and training activities are carried out so they may provide public accountability for the Nation's financial resources invested through the grants process.

Education Grants. Guidance on education grants is addressed in 14 CFR 1260.12(c)(2) and the Grant Handbook, NASA Procedural Requirements (NPR) 5800.1D,¹ section 1260.12(c)(2). Both describe an education grant as “an agreement that provides funds to an educational institution or other nonprofit organization within one or more of the following areas:

1. capturing student interest and/or improving student performance in science, mathematics, technology, or related fields;
2. enhancing the skill, knowledge, or ability of teachers or faculty members in science, mathematics, or technology;
3. supporting national educational reform movements;
4. conducting pilot programs or research to increase participation and/or to enhance performance in science, mathematics, or technology education at all levels; and
5. developing instructional materials (that is, teacher guides, printed publications, computer software, and videotapes) or networked information services for education.”

Pursuant to 14 CFR 1260.12, any student or faculty member receiving direct support, through the institution, under a NASA education grant must be a U.S. citizen.

Training Grants. Guidance on training grants is addressed in 14 CFR 1260.12(c)(3) and the Grant Handbook, NPR 5800.1D, section 1260.12(c)(3). Both describe a training grant as “an agreement that provides funds to an educational institution or other nonprofit organization solely by providing scholarships, fellowships, or stipends to students, teachers, and/or faculty.” Pursuant to 14 CFR 1260.12, any student or faculty member receiving direct support under a NASA training grant must be a U.S. citizen. NASA training grants are awarded to universities, not to individual faculty members or students. NASA relies on the institution receiving grant funds to determine the eligibility of the students and faculty who will participate. Exceptions to the citizenship requirement are addressed in the Grant Handbook, section 1260.12(c)(3)(iii), which states “students and faculty receiving direct support under a NASA training grant must be U.S. citizens, except for those supported by the NASA Earth and Space Science Fellowship Program, the NASA Earth System Science Fellowship Program, the Graduate Student Fellowship in Global Change Research Program, and the [Global Learning and Observations to Benefit the Environment] (GLOBE) Program.”

For fiscal years (FYs) 2004 and 2005, NASA awarded grants for a combined total of \$779,075,819 and \$1,518,763,026, respectively. Our review focused on those grants that are required by law to be used to support U.S. citizens, i.e., education and training grants.

¹ In April 2007, the Grant Handbook was revised and reissued as NPR 5800.1E, “Grant and Cooperative Agreement Handbook.” However, the requirements cited in our report remained unchanged after the revision.

Research and facilities grants do not have a citizenship requirement. Of the NASA grant awards, education and training grants were valued at \$52,051,144 and \$77,072,892 (total award of \$129,124,036) for FYs 2004 and 2005, respectively.

Verification of U.S. Citizenship

Generally, the NASA FY 2004 and FY 2005 education and training grants we reviewed were used to support U.S. citizens. Overall, we verified citizenship for 210 of 221 students and 35 of 49 faculty; thus, U.S. citizenship was verified for 245 of the combined total of 270 students and faculty who received NASA grant funds. We were unable to verify citizenship for 25 of the students and faculty because they did not respond to our formal letter request to provide proof of U.S. citizenship or the institutions did not provide contact information for them.

NASA relies on the recipient institutions to ensure that the students and faculty receiving grant funding are U.S. citizens. Our sample universe included 658 education and training grants, valued at \$129,124,036, and awarded to 314 institutions. We statistically selected 44 education and training grants valued at \$11,846,424 at 39 institutions as our audit sample. We visited 18 of the 39 institutions (46 percent) and determined that none of the institutions had verified citizenship of students or faculty receiving NASA grant funding prior to providing the funds and none had a process in place to check the citizenship status of students and faculty. Because there were no controls in place to verify citizenship and no institution visited had verified citizenship, we concluded that in all probability we would have similar findings throughout the remainder of the audit and therefore decided to discontinue our review of the final 22 grants (21 institutions) of our sample.

We met with students and faculty at several institutions in an effort to review citizenship documentation for all students and faculty that received support under the NASA grants. Some institutions required that students and faculty provide certain documentation as an employment eligibility verification check. Documentation they were asked to provide included a driver's license, Social Security card, birth certificate, photo identification, or passport. We learned that in most instances, a driver's license and Social Security card were provided; but the employment verification check was not intended to prove citizenship, and those documents did not prove U.S. citizenship. Therefore, we met directly with 191 available students and faculty to verify citizenship by visually inspecting passports, birth certificates, or naturalization certificates and picture identification. We intended to contact an additional 81 students and faculty by formal letter, requesting that they provide us proof of their citizenship. We obtained addresses, sent letters, and received 56 responses from students and faculty. Thus, we were able to verify citizenship for 54 of the 81 students and faculty. (The 81 students and faculty include 2 students for whom we received documentation to support that they had not received any grant funding.) Of the remaining 25, 17 individuals did not respond to our formal letter request and two institutions were unresponsive to written and telephone requests for contact information for 8 individuals. Overall, we were able to verify that

245 students and faculty (191 verifications while at the institutions and 54 responses to our letters) of 270 (91 percent) were U.S. citizens.

We did identify three instances in which faculty who were not U.S. citizens received, utilized, or had access to NASA grant funding. In one case, the faculty member, from the [REDACTED], was allocated \$6,000 of a Graduate Student Researchers Program (GSRP) grant of \$48,000 (13 percent) as a “university allowance.” A university allowance is a discretionary award within a GSRP grant that is made available to the principal advisor (faculty member) as an element of the overall university grant. Although the allocation of grant funds to the faculty member was inappropriate, due to his non-U.S. citizen status, we noted that he did not directly use any of the “university allowance” over the 2-year period of the grant (August 1, 2004, through July 31, 2006).

We also found that two faculty members who were not U.S. citizens participated in a Fire Ecology Camp for Native American Students and received approximately \$535 combined in direct support for lodging and per diem expenses. Funding for the Fire Ecology Camp came from a grant valued at \$417,029 awarded to the [REDACTED].

Although we did not find significant examples of NASA funds used by non-U.S. citizens, we believe NASA’s lack of guidance related to verification of citizenship within the grant qualification process increases the potential for misuse of NASA grant funds. Because we were unable to verify the citizenship of 25 students and faculty, we request that NASA follow up with the institutions to ensure that those 25 students and faculty are U.S. citizens and ensure no grant funds were used by non-U.S. citizens. Due to privacy issues, the names and last known addresses of the 25 students and faculty will be provided to management under separate cover.

Questionable Costs

During our visits to the 18 institutions, we reviewed expenditures and receipts for the grants in our sample. We found that the institutions generally spent grant funds appropriately. We found only minor purchases at three institutions—the [REDACTED], [REDACTED], and [REDACTED]—totaling approximately \$1,500 from a combined grants total of \$512,920 (less than 1 percent) that were questionable per Office of Management and Budget (OMB) Circular A-21, “Cost Principles for Educational Institutions.” Specifically, [REDACTED] spent \$232 of \$40,000 in grant funds on tickets to Six Flags amusement park and gifts to NASA supervisors. [REDACTED] spent \$130 of \$417,920 in grant funds on a refrigerator and a shower bench. [REDACTED] spent \$1,119 of \$40,000 in grant funds on bowling, movie tickets, tickets to Six Flags amusement park, and palm pilots that students were allowed to keep. The expenditures were either not submitted as projected costs within the grant proposal or were included as “enrichment” or “supplies.” These expenditures were accepted because NASA grant specialists did not adequately review the proposals prior to acceptance and grantees did not follow Federal guidelines

concerning allowable and unallowable costs. We brought the questionable costs to the attention of the Goddard Grants Manager who concurred the costs were unallowable according to OMB Circular A-21 guidance. The Goddard Grants Manager planned to send letters to the three institutions requesting justification for the purchases. If adequate justifications are not provided for the purchases, the Grants Office will take actions to recoup the funds. Although we are not making a recommendation to recoup the funds, we will follow up to ensure funds were recouped. As of September 13, 2007, we were unable to confirm completion of Grants Office action.

Although we did not find significant examples of inappropriate expenditures, we believe NASA's lack of scrutiny of the grant proposal budgets could lead to institutions spending NASA grant funds inappropriately.

Recommendations, Management's Response, and Evaluation of Management's Response

Recommendation 1. The Assistant Administrator for Procurement should ensure no grant funds were used by non-U.S. citizens by verifying citizenship for the remaining 25 students and faculty.

Management's Response. The Assistant Administrator for Procurement concurred, stating that the appropriate action will be taken to determine the citizenship of those remaining individuals and notify the grant recipient institution if any of the individuals are found to be non-U.S. citizens. In addition, the Assistant Administrator requested that we provide the names, addresses, and associated grant numbers for those individuals that citizenship verification had not occurred.

Evaluation of Management's Response. Management's planned action is responsive. On September 14, 2007, we provided the names, addresses, and associated grant numbers for the 25 remaining individuals to the Headquarters Procurement Audit Liaison Representative. The recommendation is resolved and will be closed upon completion and verification of management's corrective action.

Recommendation 2. The Assistant Administrator for Procurement should revise the Grant and Cooperative Agreement Handbook, NPR 5800.1E, as well as the grant application to address what documents are acceptable as proof of U.S. citizenship and to require students and faculty to include notarized proof of U.S. citizenship with their grant package submission.

Management's Response. The Assistant Administrator for Procurement concurred, stating the Grant and Cooperative Agreement Handbook and the grant application will be revised to require that the grant recipient institution be responsible for obtaining proof of U.S. citizenship from students and faculty for those education and training grants that require such citizenship. In addition, the Grant and Cooperative Agreement Handbook and grant application will identify the documents considered acceptable as proof of U.S. citizenship. The grant recipient institution will be

required to provide a certification with the grant proposal package that the students and faculty are U.S. citizens. In addition, the Grant Handbook will require the NASA grants office to check on a sample basis that the students and faculty receiving direct grant support have submitted documents containing acceptable proof of U.S. citizenship.

Evaluation of Management's Response. Management's planned action is responsive. Although our recommendation was that students and faculty include notarized proof of U.S. citizenship with their grant package submission, management's alternative action meets the intent of our recommendation. The recommendation is resolved and will be closed upon completion and verification of management's corrective action.

Recommendation 3. The Assistant Administrator for Procurement should issue a Grant Information Circular reemphasizing to the grant community that due diligence should be taken when reviewing grant packages during pre-award and post-award phases to ensure costs are allowable, reasonable, and necessary.

Management's Response. The Assistant Administrator for Procurement concurred, stating that a Grant Information Circular will be issued reemphasizing the need to review grant proposal budgets to ensure that they contain only allowable, reasonable, and necessary costs. The Grant Information Circular will remind individuals to pay particular attention to items for which titles, such as "enrichment," do not clearly identify specific costs that will be incurred.

Evaluation of Management's Response. Management's planned action is responsive. The recommendation is resolved and will be closed upon completion and verification of management's corrective action.

We appreciate the courtesies extended during our audit. If you have any questions, or need additional information, please contact Mr. Vincent M. Scott, Director, Procurement Audits, at 202-358-0546, or me at 202-358-2572.



Evelyn R. Klemstine

4 Enclosures

cc:

Director, Ames Research Center
 Director, Glenn Research Center
 Director, Goddard Space Flight Center
 Director, Johnson Space Center
 Director, Langley Research Center

Scope and Methodology

We performed this audit from May 2006 through September 2007, reviewing NASA education and training grants for FY 2004 and FY 2005 in accordance with generally accepted Government auditing standards. In September 2006, we suspended this audit to allocate available resources to a congressional request. We reactivated this audit in April 2007.

Our sampling universe consisted of 658 education and training grants valued at \$129,124,036 awarded by 9 NASA centers to 314 institutions during FYs 2004 and 2005. We used EZ-Quant to determine the sample size and generate random numbers for selecting our sample. We applied the Discovery Acceptance Sampling Approach under the guidance of the Defense Contract Audit Manual, Section B-403.1. We selected a risk factor of 10 percent, which generated a confidence level of 90 percent that the error would be detected in the sampled population. This resulted in a sample of 44 grants from the universe of 658 grants (6.7 percent). The study and sample size were designed to determine the number and rate of grants that were not compliant with applicable rules and regulations. Of the original determined sample size of 44 grants, we reviewed 22 (6 education grants and 16 training grants) at 18 institutions. Because there were no controls in place to verify citizenship, none of the 18 institutions initially visited had verified citizenship, and we found only minor problems with questionable purchases, we concluded that in all probability we would have similar findings throughout the remainder of the audit and therefore decided to discontinue our review of the final 22 grants (21 institutions) of our sample. Due to the curtailment of our study prior to the complete review of the sample, these findings cannot be used to statistically project similar findings throughout the sampling universe. (See Enclosure 2 for the grant sample selected for review.)

We interviewed faculty from the various institutions in order to review citizenship documentation for all students and faculty that received support under NASA grants. We also met directly with available students and faculty and obtained and verified proof of citizenship documentation by visually inspecting passports, birth certificates, or naturalization certificates, and picture identification. We sent letters to students and faculty who were not available, requesting that they provide us proof of their U.S. citizenship.

We reviewed grant records to determine purchases and other expenditures made with the awarded NASA grant funding. We reviewed invoices, receipts, and general ledger accounts relating to and identifying sources of funds spent. We also interviewed NASA grant technical officers and personnel in the Higher Education Office to determine procedures and processes associated with grants.

We relied on the following documents for guidance on grants, citizenship requirements, and allowable expenditures:

- 14 CFR Part 1260 “Grants and Cooperative Agreements”
- NPR 5800.1D, “Grant and Cooperative Agreement Handbook,” May and November 2005
- NPR 5800.1E, “Grant and Cooperative Agreement Handbook,” May 2005 and April 2007
- OMB Circular A-21, “Cost Principles for Educational Institutions,” May 10, 2004 (revised)
- OMB Circular A-110, “Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations,” revised November 19, 1993 and further amended November 30, 1999
- NASA’s Earth System Science Fellowship Guide, July 2005
- NASA Policies and Procedures for Administering Training Grants, July 2005

Scope Limitation. At the [REDACTED], we were told that 20 students were Native Americans. The school advised that the students were poor, disadvantaged, and minors. The school stated they feared loss of student participation if we made direct contact with the students and asked that we do not do so. Therefore, we did not include those 20 students in our sample.

Computer-Processed Data. With the assistance of a procurement data management specialist in the NASA Headquarters Procurement Analysis Division, we obtained the universe of education and training grants from the Federal Procurement Data System-Next Generation. Although we used the database to establish a universe of education and training grants, we did not rely on the contract information contained in the database. However, we validated the data during our review of the grant files and did not find any discrepancies.

Review of Internal Controls. Agency procedures for administration of the NASA Education and Grants program are contained in several documents including NPR 5800.1D; NASA’s Earth System Science Fellowship Guide; and NASA Policies and Procedures for Administering Training Grants, July 2005. The guidance documents provide directions on preparing a budget, use of funds, restrictions on the use of funds, requesting international travel, changes in grant conditions, and citizenship requirements. We found NASA’s policy and procedures for grant administration to be generally consistent with Federal laws and policies. However, Agency guidance does not address validation requirements to ensure students and faculty receiving grant funds are U.S. citizens. The Grant Handbook 1260.127, “Allowable Costs,” directs the grant specialist to use OMB Circular A-21 to determine allowable grant expenditure for institutions of higher education.

Prior Coverage. During the last 5 years, the NASA Office of Inspector General issued one report of particular relevance to the subject of this audit. That report was "Management of Research Grants and Cooperative Agreements," IG-02-017, issued June 4, 2002. The unrestricted report can be accessed over the Internet at <http://www.hq.nasa.gov/office/oig/hq/audits/reports/FY07/index.html>.

Additionally, during the course of an investigation prompted by allegations involving misuse of funds, the NASA OIG Office of Investigations questioned costs of \$441,944 related to non-U.S. citizens receiving funds from two grants and two cooperative agreements awarded to the [REDACTED]. While the case was declined for criminal prosecution, a final settlement was reached on September 26, 2005, between the U.S. Attorney's Office, District of New Mexico, Civil Division, and the [REDACTED] [REDACTED] in which the university agreed to reimburse the United States \$350,000.

**Statistically Selected Universe of 44 Education and Training Grants,
FY 2004 and FY 2005**

	Institution	Grant Number	Grant Value	Reviewed
1	[REDACTED]	[REDACTED]	\$ 40,000	Yes
2	[REDACTED]	[REDACTED]	72,000	Yes
3	[REDACTED]	[REDACTED]	417,920	Yes
4	[REDACTED]	[REDACTED]	24,000	No
5	[REDACTED]	[REDACTED]	24,000	No
6	[REDACTED]	[REDACTED]	55,000	Yes
7	[REDACTED]	[REDACTED]	24,000	No
8	[REDACTED]	[REDACTED]	48,000	No
9	[REDACTED]	[REDACTED]	24,000	Yes
10	[REDACTED]	[REDACTED]	280,000	No
11	[REDACTED]	[REDACTED]	18,292	No
12	[REDACTED]	[REDACTED]	536,177	No
13	[REDACTED]	[REDACTED]	1,555,908	Yes
14	[REDACTED]	[REDACTED]	60,000	No
15	[REDACTED]	[REDACTED]	48,000	Yes
16	[REDACTED]	[REDACTED]	1,401,150	Yes
17	[REDACTED]	[REDACTED]	48,000	Yes
18	[REDACTED]	[REDACTED]	24,000	Yes
19	[REDACTED]	[REDACTED]	21,947	Yes
20	[REDACTED]	[REDACTED]	24,000	Yes
21	[REDACTED]	[REDACTED]	48,000	No
22	[REDACTED]	[REDACTED]	72,000	Yes
23	[REDACTED]	[REDACTED]	187,677	No
24	[REDACTED]	[REDACTED]	505,344	No
25	[REDACTED]	[REDACTED]	417,029	Yes
26	[REDACTED]	[REDACTED]	155,187	No
27	[REDACTED]	[REDACTED]	24,000	No
28	[REDACTED]	[REDACTED]	24,000	No
29	[REDACTED]	[REDACTED]	24,000	No
30	[REDACTED]	[REDACTED]	48,000	Yes
31	[REDACTED]	[REDACTED]	24,000	Yes
32	[REDACTED]	[REDACTED]	1,034,514	No
33	[REDACTED]	[REDACTED]	48,000	Yes
34	[REDACTED]	[REDACTED]	72,000	Yes
35	[REDACTED]	[REDACTED]	24,000	Yes
36	[REDACTED]	[REDACTED]	837,132	No
37	[REDACTED]	[REDACTED]	900,000	Yes
38	[REDACTED]	[REDACTED]	794,984	No
39	[REDACTED]	[REDACTED]	764,163	No
40	[REDACTED]	[REDACTED]	24,000	No
41	[REDACTED]	[REDACTED]	1,000,000	No
42	[REDACTED]	[REDACTED]	24,000	Yes
43	[REDACTED]	[REDACTED]	24,000	Yes
44	[REDACTED]	[REDACTED]	24,000	No
	Total Amount of 44-Grant Sample		\$11,846,424	
	Total Amount of 22 Grants Reviewed		\$ 5,384,954	

National Aeronautics and
Space Administration

Office of Inspector General
Washington, DC 20546-0001



AUG 10 2006

TO: Procurement Officer, Goddard Space Flight Center

FROM: Assistant Inspector General for Auditing

SUBJECT: Final Memorandum Regarding Duplicate Grant Funding

The purpose of this memorandum is to notify NASA management of an issue we identified during our current audit of *NASA Educational and Training Grants* (Assignment No. A-06-006). Specifically, during our audit fieldwork, we identified an occurrence whereby one institution received duplicate funding in the form of grants from two different NASA Centers, in violation of NASA requirements. In a draft of this memorandum, we recommended that the Goddard Procurement Officer direct the cognizant Goddard Grants Officer to immediately cancel the second grant and deobligate the associated funding. The Goddard Procurement Officer concurred; the second grant was cancelled and the associated funding in the amount of \$24,000 was deobligated.

Background

The Office of Inspector General (OIG) is conducting an audit of NASA's educational and training grants. One of our objectives is to determine whether grantees are using grant funds for the intended purposes and in accordance with applicable regulations. The *NASA Grant and Cooperative Agreement Handbook* (NPG 5800.1D) (the *Handbook*) and the *NASA Policies and Procedures for Administering Graduate Student Researchers Program (GSRP) Fellowships* state that any individual accepting a NASA GSRP fellowship may not concurrently hold another Federal fellowship or traineeship.

Duplicate Grant Awards

We found that [REDACTED] was awarded separate GSRP grants from two NASA Centers—Langley Research Center (Langley) and Goddard Space Flight Center (Goddard)—funding a fellowship for the same student. On June 9, 2005, the Langley Grants Office approved the first year of a 3-year GSRP training grant (grant no. [REDACTED]) in the amount of \$24,000 for a graduate student at [REDACTED]. June 28, 2005, the Goddard Grants Office also approved the first year of a 3-year GSRP training grant (grant no. [REDACTED]) in the amount of \$24,000 for that same student.

We confirmed that [REDACTED] received funding through the Department of Health and Human Services (HHS) Payment Management System (PMS) for both the Langley and Goddard

GSRP training grants. We also confirmed that, as of July 5, 2006, [REDACTED] had not drawn any funding under the Goddard grant; rather, [REDACTED] has been drawing funds exclusively from the Langley grant. Aside from being in violation of the *Handbook* and NASA's *Policies and Procedures for Administering GSRP Fellowships*, having duplicate active grants for the same fellowship could result in program funds being misused or wasted.

We recommended that the Goddard Procurement Officer direct the cognizant Goddard Grants Officer for grant no. [REDACTED] to immediately cancel the grant and deobligate the associated funding in the amount of \$24,000.

Management's Response. Management concurred, agreeing to cancel grant [REDACTED] with WPI and deobligate the associated \$24,000 funding. The grant was officially cancelled as of July 24, 2006.

Evaluation of Management's Response. Management's actions are responsive and the recommendation is closed.

We appreciate the courtesies extended to the audit staff during the ongoing review. If you have any questions, or need additional information, please contact Mr. Joseph Kroener, Procurement Audits Director, at 202-358-2558, or me at 202-358-2572.



Evelyn R. Klemstine

Enclosure

cc:

Acting Chief, Strategic Communications
Acting Assistant Administrator, Office of Education
Program Manager, Graduate Student Researchers Program, Office of Education
Director, Management Systems Division
Procurement Officer, Langley Research Center
Executive Director, NASA Shared Services Center

National Aeronautics and
Space Administration
Goddard Space Flight Center
Greenbelt, MD 20771



Reply to Airm of 201

July 27, 2006

TO: NASA Headquarters
Attn: Assistant Inspector General for Auditing

FROM: 200:Procurement Officer

SUBJECT: Goddard Space Flight Center (GSFC) Response to the Office of the Inspector General (OIG) Draft Memorandum Regarding Duplicate Grant Funding (Assignment No. A-06-006)

Thank you for the opportunity to review and comment on the subject draft memorandum. We appreciate the OIG's review of the use of grant funds by NASA grantees and the finding of this occurrence of duplicate grant funding, identified during your ongoing audit of *NASA Educational and Training Grants*. We concur with the OIG's recommendation and provide the following response.

OIG Recommendation: The Goddard Procurement Officer should direct the cognizant Goddard Grants Officer for grant [REDACTED] to immediately cancel the grant and deobligate the associated funding in the amount of \$24,000.

GSFC Response: CONCUR

GSFC concurs with the recommendation to cancel grant [REDACTED] with [REDACTED] [REDACTED] and deobligate the associated \$24,000 funding. The Grants Officer confirmed that [REDACTED] has not drawn any funds against the grant. She also contacted the Director of Research at [REDACTED] and obtained his agreement with the grant cancellation. On July 24, 2006, grant [REDACTED] was officially cancelled. We consider this action closed.

Thank you for your assessment and recommendation regarding this matter. If you have any questions or need additional information, please contact Ms. Barbara Sally, GSFC Audit Liaison Officer, at (301) 286-8436.

Valerie Burr

Valerie Burr

cc:
HQ/Ofc of Infrastructure, Mgmt, and HQ Ops/Mr. Clement
HQ/Ofc of Procurement/Mr. Becker

Management's Comments

National Aeronautics and
Space Administration
Headquarters
Washington, DC 20546-0001



September 7, 2007

Reply to ATR 07

Analysis Division

TO: Assistant Inspector General for Reporting
FROM: Assistant Administrator for Procurement
SUBJECT: Draft Memorandum on Audit of Education and Training Grants
(Assignment No. A-06-006-00)

Enclosed is the consolidated response to the subject draft report, dated August 10, 2007, which was coordinated with the Office of Education.

Please contact Joe Le Cren or Cheryl Robertson of my staff if you have any questions or need further coordination on this matter. Joe can be contacted at 358-0431 and Cheryl at 358-0667.


Sheryl Goddard

Enclosure

cc: Office of Education

Enclosure

Recommendation 1:

The Assistant Administrator for Procurement should ensure no grant funds were used by non-U.S. citizens by verifying citizenship for the remaining 40 students and faculty.

Response:

Concur. It is our understanding that the auditors are continuing to follow up on the remaining 40 students and faculty, and that the number has been reduced to 30. It is also our understanding that we will be provided with the names, addresses, and associated grant numbers for the remaining final number of students and faculty. We will take appropriate action to determine the citizenship of those remaining individuals and notify the grant recipient institution if any are found to be non-U.S. citizens.

We want to note that Section 1260.12(c)(3)(iii) of the Grant and Cooperative Agreement Handbook does not require U.S. citizenship in order for students and faculty to receive direct support under the following NASA training grants: those supported by the NASA Earth and Space Science Fellowship Program, the NASA Earth System Science Fellowship Program, the Graduate Student Fellowship in Global Change Research Program, and the Globe Program. These exceptions were not identified in the draft audit report, which could lead the reader to believe that all education and training grants have a U.S. citizenship requirement. We recommend that the final report be revised to reflect these exceptions. We assume that none of the 40 students and faculty related to this recommendation are involved with any grants falling under these exceptions.

Recommendation 2:

The Assistant Administrator for Procurement should revise the Grant and Cooperative Agreement Handbook, NPR 5800.1E, as well as the grant application, to address what documents are acceptable as proof of U.S. citizenship and to require students and faculty to include notarized proof of U.S. citizenship with their grant package submission.

Response:

Concur. We will revise the Grant and Cooperative Agreement Handbook, as well as the grant application, to require that the grant recipient institution be responsible for obtaining proof of U.S. citizenship from students and faculty for those education and training grants that require such citizenship. In addition, the Grant and Cooperative Agreement Handbook and grant application will identify the documents considered acceptable as proof of U.S. citizenship. Instead of requiring students and faculty to include notarized proof of U.S. citizenship with the grant package, the grant recipient institution will be required to provide a certification with the grant proposal package that the students and faculty are U.S. citizens. In addition, the Grant and Cooperative Agreement Handbook will require the NASA grants office to check on a sample basis that the students and faculty receiving direct grant support have submitted documents containing acceptable proof of U.S. citizenship.

We revised the final report to note these exceptions (see page 3).

In the period between NASA's response and this final report, we verified U.S. citizenship for 15 more individuals. Thus, NASA needs to verify citizenship for 25, rather than 30, individuals

Enclosure

Recommendation 3:

The Assistant Administrator for Procurement should issue a Grant Information Circular reemphasizing to the grant community that due diligence should be taken when reviewing grant packages during pre-award and post-award phases to ensure costs are allowable, reasonable, and necessary.

Response:

Concur. We will issue a Grant Information Circular (GIC). However, due to the limited cost information provided during post-award for grants, the GIC will reemphasize the need to review grant proposal budgets to ensure that they contain only allowable, reasonable, and necessary costs. The GIC will remind individuals to pay particular attention to items whose titles, such as "enrichment," do not clearly denote what the costs will be incurred for.