

# OIG Management Activities

## Congressional Testimony

In May 2002, the Inspector General testified before the U.S. Senate, Committee on Appropriations, Subcommittee on VA, HUD, and Independent Agencies, to provide an update on the status of National Science Foundation's (NSF) efforts to address our FY 2002 management challenges, including post-award management, workforce planning, and large facilities management.

While NSF has a robust system of award management over its pre-award and award phases, Dr. Boesz stated that the agency needs to develop a more rigorous risk-based monitoring program for the post-award phase. Weak controls over post-award grant monitoring and tracking of NSF-owned assets in awardees' custody were cited as a reportable condition in the agency's most recent financial statement audit. Dr. Boesz also discussed the results of a report on the adequacy of NSF's workforce planning, a review previously requested by the Subcommittee (see page 27). Finally, the IG reported on NSF's progress in improving its financial management practices for large facility projects, and the development of the implementing Guidelines and Procedures. Dr. Boesz presented the results of an audit of the MRE appropriation account previously requested by the Subcommittee (see page 18).

Dr. Boesz noted that NSF funds two distinctly different types of large facilities projects from the same account: those that invest in state-of-the-art, scientific tools for research and development of new knowledge and ideas; and those that support mission-critical property, plant, and equipment that provide the facilities and logistical means for a broad range of science to take place, primarily in NSF's Polar Programs. Both types of projects require effective project management to ensure that they are completed on schedule, obtained at a fair price, and perform as expected. Federal accounting standards also require both types of projects to account for the total costs of each project.

However, funding both types of projects from a single appropriation account creates a potential situation in which the replacement, renovation, and upkeep of assets critical to the safety and health of researchers and support personnel must compete for limited funding with new and improved scientific tools. The Inspector General suggested that NSF prioritize the mission-critical property plant and equipment

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projects separately from the development and construction of research tools, and consider establishing different sources of funding for each, to avoid possible negative impact on the broad range of programs these assets support.

## Legislative 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 NSF programs and operations. We perform these tasks for the purpose of providing leadership in activities that are designed to promote 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 21 bills that affected either 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 and have discussed in previous Semiannual Reports is amending PFCRA to include NSF and the 26 other “Designated Federal Entity” (DFE) agencies that are currently excluded from participation under PFCRA’s enforcement provisions. 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. The DFEs are generally smaller agencies that intrinsically are more likely to have cases involving smaller dollar amounts.

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. The enforcement provisions of PFCRA will enhance the recovery efforts of NSF and other DFE agencies.

The joint legislative committee of the President’s Council on Integrity and Efficiency (PCIE) and the Executive Council on Integrity and Efficiency (ECIE) is considering a recommendation that PFCRA be amended, as described above.

## Information Systems

### ***New Knowledge Management System for OIG***

Over the past year, we have been working with an information technology contractor to develop a Knowledge Management System for the office. Once it is completed, we expect our workforce to perform more efficiently with an IT system

that will (1) allow faster and easier access to timely information, (2) reduce duplication of effort in such routine tasks as entering data and formatting reports, (3) support staff collaboration and team efforts through more effective information sharing, and (4) improve management and tracking capabilities for audits, investigations, evaluations, and internal office administration.

The system requirements and preliminary design have been completed, and we are currently testing a baseline system that integrates and updates dozens of spreadsheets, databases, and other “stovepipe” applications that have been in use. The new system has already made it much easier for staff to record and retrieve information related to audits and investigations, e.g., objectives, staffing, milestones, results, and costs. It was also used to generate the statistical tables for this report.

After final testing of the baseline system, we will identify system enhancements to support additional administrative functions, such as customizable reports and time management services.



OIG staff Jill Schamberger, Jennifer Geer, Catherine Ball, and Peggy Fischer discuss new IT system at office retreat.

## Outreach / Prevention Activities

### *Interaction with the Awardee Community*

In June the IG participated in a conference of California State University (CSU) sponsored research administrators hosted by CSU, Long Beach. The IG presented an overview of Federal compliance issues that affect NSF awardees. Continuing discussions focused on cost-sharing compliance and OMB Circular A-133 audits. Afterwards, an NSF representative presented the agency’s perspective on these and other issues. The outreach was particularly effective because the IG and NSF were there together to discuss Federal and NSF-specific compliance issues affecting CSU institutions.

Central to our outreach goals is maintaining an ongoing discussion with the awardee community regarding our policies and procedures. We attend outreach and other meetings to provide information and to learn about the communities served by NSF. We focused on two issues this semiannual period: conflicts of interests (COI) and research misconduct.

### Conflicts of Interests

In our March 2002 Semiannual Report (p. 14), we discussed an internal analysis of COI cases conducted by this office. The issue has gained heightened interest as more and more universities are supporting or engaging in business activities involving new inventions, which increases the potential for actual and apparent conflicts of interests.

In April 2002 we gave a presentation at a “Conflict of Interest and Research Integrity Conference” hosted by Washington University, the HHS Office of Research Integrity, St. Louis University, and the University of Missouri, Columbia. The purpose of the conference was to discuss the impact of COI and research integrity concerns on the public’s faith in research results. It was clear from the remarks of both the presenters and the audience that those who address COI issues must pay particular attention to equity interest and technology transfer.

Our office contributed an article on COI that appears in the Fall issue of the Journal of the Society of Research Administrators International (SRA). The article discusses NSF’s requirements and expectations regarding COI policies and identifies factors that institutions need to consider in developing a COI policy.

We are preparing to lead a workshop on COI for the annual SRA meeting in October 2002. The workshop will focus on issues related to technology transfer, reviewer conflicts, institutional COI policies, and university researchers involved in outside endeavors. The workshop is designed to generate proactive strategies for dealing with COI issues and use case studies to discuss effective responses to common COI problems.

To ensure that the workshop contained pertinent and useful information, we met with technology transfer experts from public and private universities to elicit their perspectives. We learned that increasing numbers of university faculty are sitting on boards, acting as consultants, and playing other roles in companies that may create conflicts of interest and commitment. Those who receive compensation for their efforts must be careful to avoid financial COI. It can become difficult to resolve COI issues when faculty members have financial stakes in potentially profitable technologies or the university has equity in the start-up company exploiting the technology. We learned that universities engage in technology transfer activities for two primary reasons: to enhance the reputation, recruitment, and retention of faculty, or to obtain revenue for the university.

### Research Misconduct

NSF’s updated research misconduct regulation became effective on April 17, 2002. We were able to discuss the changes with research scientists and administrators at a meeting of the Council for Undergraduate Education, an NSF Regional Grants Seminar, and a university briefing. We also compared various institutional policies

and procedures with NSF's research misconduct regulation, and learned of training plans and needs for institutions trying to administer the new policy.

At a meeting of the Council for Science Editors, we spoke with editors of scientific publications that contain articles written by NSF grantees based on their NSF-funded research. We discussed ways in which these editors can address allegations of misconduct and encouraged them to forward such allegations to us.

Participants at some of our outreach events have told us that instances of wrongdoing associated with NSF grants are sometimes resolved at the institution and never reported to OIG. Although NSF's research misconduct regulation only requires notice to NSF if an inquiry supports a formal investigation, we encourage recipients of NSF awards to report all allegations of wrongdoing with regard to NSF-sponsored research to OIG. Increased awareness of OIG's role is a key part of our ongoing efforts

Finally, we developed a brochure outlining the new regulation and explaining OIG's process for handling research misconduct allegations. The brochure is available at <http://oig.nsf.gov/brochure.pdf>.

### *Interaction within NSF*

OIG staff continues to coordinate activities with NSF:

- OIG staff chaired the Audit Coordinating Committee, which regularly brings together OIG, contractor, and NSF staff to plan and review the progress of the annual financial statement audit and other auditing matters.
- OIG staff gave presentations at each of the Program Management Seminars conducted by NSF for new program officers and represented OIG on various NSF committees and working groups. The Deputy IG, for example, participated on an agency working group reviewing NSF recruiting and hiring procedures.
- We responded to NSF requests for comment on its revisions of its Grant Policy Manual and Grant Proposal Guide. In addition, we provided comments on NSF's new Risk Assessment and Award Monitoring Guide.
- One of our Senior Audit Managers attended a Division of Acquisition and Cost Support (DACS) retreat and served on a panel discussing how DACS customers assessed its performance. This type of outreach activity helps the OIG communicate issues and fosters collegial relationships within the agency.



Dr. Boesz joins CFO TOM Cooley and Dr. Bordogna for the presentation of the *Certificate of Excellence in Accountability Reporting* to NSF.

### ***Interaction with the IG Community***

We are implementing three practices designed to improve the professionalism of NSF's OIG: engaging in a peer review process to ensure that our office's policies and organization optimize the resources at our disposal; developing and instituting core competencies to increase the productivity and expertise of the investigative staff; and providing training to and working with other IG offices.

**Peer Review.** In our March 2002 Semiannual Report (page 51), we discussed our preparations for peer review of our Investigations unit. The PCIE/ECIE Investigations Committee promulgated a draft *Guide for Conducting Qualitative Assessment Reviews for Investigative Operations of Inspectors General (Guide)*. We have used the Guide to modify and improve our existing procedures and develop a new Investigations Manual that incorporates the Guide's principles. We anticipate that our Investigations office will undergo a peer review during the upcoming semiannual period.

**Core Competencies.** We have identified five core competency areas, including investigative skills, interviewing techniques, and general knowledge about grant fraud, auditing, and certain provisions of the law. We have ensured that all of our investigators and attorneys have basic professionally recognized training in each area. For example, in this period, investigative staff attended the Federal Law Enforcement Training Center (FLETC) IG Academy Basic Non-Criminal Investigator Training course, FLETC-sponsored Hot Line training, and Fraud Examiner training. Other training included courses on the Freedom of Information Act, the Privacy Act, and legal ethics.

**Coordination.** We were invited to participate in IG Academy course curriculum reviews for the Academy's new Editing Investigative Products Training Program (EIPTP) and Continuing Legal Education Training Program. We assisted in the development of EIPTP, a three-day program designed for managers and independent editors who review and edit investigative written products. Two of our Investigations staff served as instructors for the inaugural class.

We provided the Environmental Protection Agency (EPA) IG information on NSF environmental programs for its Compendium of Federal Environmental Programs, which included NSF data. We also continued our participation in the Association of Directors of Investigation conference, interagency SmartPay working group meetings, and the Grant Fraud Working Group.

**Dr. Boesz Chairs Misconduct in Research Working Group.** We continue to assist the IG community in assessing its role in the implementation of the Office of Science and Technology Policy (OSTP) Policy on Research Misconduct. NSF's IG chairs the PCIE/ECIE Misconduct in Research Working Group (MIRWG), which serves as a focal point for discussions about OIG roles in research misconduct investigations. The MIRWG links OIG and agency representatives so that issues of



mutual concern can be properly vetted. The MIRWG has developed a supplement to the PCIE/ECIE Quality Standards of Investigations, which addresses unique issues arising in research misconduct investigations. We have also recently developed a checklist for OIG oversight of agency research misconduct investigations and a position paper on the link between fraud and research misconduct.

### *Interaction with Other Federal Agencies*

In May, we responded to an OMB request for comments on proposed revisions to OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. We agreed in principle with OMB raising the audit threshold from \$300,000 to \$500,000 a year. We also agreed with OMB's plan to raise the dollar threshold for designating cognizant agencies from \$25 to \$50 million because it would not adversely affect our cognizance over grantees that NSF primarily funds.

One of our Audit Managers served as the Chairman of the Financial Statement Audit Network, a subcommittee of the Federal Audit Executive Council. The mission of the Network is to promote the sharing of best practices; provide a forum for discussing current developments; serve as a conduit for providing information to members; and facilitate commenting on pending guidance, regulations and legislation. In addition, we served on the GAO/PCIE FAM committee responsible for updating the Financial Audit Manual. This manual will be used by Offices of Inspector General and the General Accounting Office for conducting financial statement audits and monitoring audits conducted by Independent Public Accountants.



David Radzanowski of OMB speaks at OIG retreat last June.

