Investigations

The Office of Investigations handles allegations of fraud, waste, abuse, and mismanagement in NSF programs and operations, as well as allegations of research misconduct associated with NSF proposals and awards. We strive to work in partnership with agencies and awardee institutions to resolve issues whenever possible. As appropriate, we recommend administrative action to NSF's adjudicator, the Deputy Director, or refer our investigations to the Department of Justice or other prosecutorial authorities for criminal prosecution or civil litigation. In this Semiannual Report, we present an overview of investigative activities, including civil and criminal investigations, findings by the Deputy Director, significant administrative cases, and focused reviews. We also report on the implementation of NSF's revised research misconduct regulation and improvements to the investigative process.

Summary of Case Activity

Allegations of wrongdoing are classified according to the issues raised. Where there is insufficient evidence for initial classification, the matter may be handled as a preliminary case. During this semiannual period we received 98 allegations that were initially classified as: preliminary (49), administrative (35), or civil/criminal (14)[1] cases. We closed 36 preliminary cases after determining there was no reason to warrant re-classification. We closed 11 preliminary cases that were reclassified as administrative (8) or civil/criminal (3) cases.

We closed 16 civil/criminal cases that involved violations of Federal laws, such as false statements and embezzlement or theft. When we find evidence that suggests wrongdoing, we refer the case to the

[1] After initial review and fact-finding, preliminary cases are closed for either: 1) lack of evidence, 2) disproved allegations, 3) referral to management, or 4) re classification as administrative or civil/criminal cases. Administrative issues include research misconduct, employee misconduct; and cases that do not have indications of civil/criminal issues. Civil/criminal issues include fraud, theft, or violations of other Federal laws.

HIGHLIGHTS

Department of Justice (DOJ) for prosecution. We referred 6 cases this period to the DOJ. (See a description of selected criminal and civil cases we closed this period below.)

The majority of our closed administrative cases involved allegations of research misconduct. Under our research misconduct regulation, we initiate an inquiry to determine whether an allegation has sufficient substance to warrant an investigation. If it appears that research misconduct has occurred, we send a report to NSF's Deputy Director for adjudication. (See p. 46 for a description of selected administrative cases closed this period.)

Freedom of Information Act and Privacy Act Requests

Our office responds to requests for information contained in our files under the Freedom of Information Act ("FOIA," 5 U.S.C. § 552) and the Privacy Act (5 U.S.C. § 552a). During this reporting period, we received and responded to seven requests. Four were denied because the information requested could not be provided under FOIA. For example, we denied a request for all investigative records pertaining to a named individual based on FOIA exemptions (b)(6) and (b)(7)(c), which stipulate that information is not subject to disclosure if it would result in an unwarranted invasion of personal privacy. In addition, to become more responsive to FOIA requests, we are streamlining our procedures for responding to routine requests and developing web-based guidance for formulating a request.

Civil and Criminal Investigations

Social Security Numbers Stolen

Shortly after participating in an NSF awards conference held in Washington D.C., attendees filed complaints with NSF staff and the OIG that they were victims of identity theft. We coordinated our efforts with those of state law enforcement officials already underway, and we concluded that the victims' social security numbers (SSNs) were stolen through information they had provided to NSF as part of the registration process. The investigation disclosed that there were many with the opportunity to steal conference registration data, including NSF staff, a contractor, and a subcontractor. As a result of these thefts, the NSF funding program modified its procedures to ensure that in the future, the SSNs of all conference participants will be expunged from the event database. In addition, the program issued an advisory and apology to the conference attendees.

Identity theft and efforts to reduce the abuse of social security numbers are receiving increased attention by the IG community and GAO. In our September

1997 Semiannual Report (pp. 30-31), we discussed a case in which an NSF employee used another employee's SSN to obtain multiple fraudulent credit card accounts. In the course of that investigation, we learned that many NSF employees have easy access to the SSNs of NSF employees, PIs, and recipients of individual awards. We recommended that NSF minimize use of SSNs as identifiers. As a result, NSF issued a Policy Regarding Sensitive Information (NSF Bulletin No. 99-08) that provided NSF staff with instructions on the appropriate use and confidential handling of social security numbers. We are now urging NSF to undertake agency-wide implementation of stricter practices to prevent future SSN thefts.

Purchase Card Abuse

Like the concerns about identity theft, the inappropriate use of commercial purchase bankcards, part of the GSA SmartPay program, has been the subject of a recent OIG audit report, and several GAO reports. In 1989, purchase cards were made available to all Federal agencies, through a contract administered by GSA, for micro-purchases (below $2500) of supplies or services. This program simplifies the purchasing and payment process and reduces the transaction cost associated with small acquisitions. At NSF, the purchase card is issued through the Bank of America, and the Division of Administrative Services administers the program. The primary participants are individual cardholders and approving officials designated by their organizational units.

In a recent case involving purchase card fraud, we received an allegation that an employee in NSF's Student Temporary Employment Program used a purchase card to make calls to chat rooms. The designated cardholder noticed the charges while reviewing the card statement. We determined that the employee had obtained the purchase card number while filing invoices for the cardholder. When presented with a termination letter by the Human Resources Division, the employee chose to resign. We referred the case to county police and the employee was arrested. NSF has been reimbursed $1,553.53.

In October 2001, we reviewed a number of individual purchase card transactions to spot check for inappropriate use. We developed a list of fraud indicators for the review, including transactions that are unlikely to be related to NSF business (e.g., purchases at toy stores, clothing stores, and sports stores; credit card telephone calls, purchases at local shopping malls, cash advances or transactions and purchases on weekends and Federal holidays). To date, six purchase cards have been examined for questionable purchases. One case was closed after we confirmed the cardholder's purchases were justified and adequately documented. A second case was closed after the cardholder explained that a family member mistakenly completed a purchase at a local toy store with the NSF purchase card. The cardholder had immediately reported this purchase to the approving official and reimbursed NSF. We are continuing our review and have expanded its coverage using the Joint Fraud Task Force guidance.

Fraudulent Travel Claims Are Repaid

Travel fraud is characterized by the filing of false travel vouchers against NSF grant funds and constitute a criminal violation of Title 18 U.S.C. § 641, embezzlement and theft of government funds. We intend to increase investigative resources directed at the detection, investigation and prosecution of travel fraud. Two recent cases are described below:

A Texas university research foundation alleged submission of fraudulent travel claims by an employee of an NSF-supported Center. The university conducted an audit that disclosed eleven fraudulent claims submitted by the employee during fiscal years 2000-2001. As a result of these preliminary findings, a joint OIG-FBI investigation was initiated. The employee admitted to the offense and pled guilty to defrauding a program funded by NSF. As part of the plea agreement, the employee paid restitution in the amount of $19,871.63 and faces a maximum of 10 years in Federal prison and a $250,000 fine. Sentencing is scheduled to occur during the next semiannual period.

In our September 2000 Semiannual Report (p. 32), we discussed the case of two geology professors at a Florida university who filed false and duplicative travel claims. The fraudulent claims requested reimbursement for international travel wholly unrelated to their grants, and time and expenses for which they also obtained reimbursement as consultants to a company. The geologists also failed to disclose financial interests in their closely related consulting activities, as required by their university's financial disclosure policy. An audit of the awards by the university identified $71,277.65 in unallowable expenditures. Although Federal and local prosecutors declined the case for prosecution, the university refunded the full amount to the Federal government. In light of their repayment, and having received credible written commitments from the geologists to comply with Federal requirements regarding disclosure of conflict-of-interests information and expenditure of grant funds, we determined that it was unnecessary to pursue further administrative actions against them.

Support Staff's Fraudulent Payroll Scheme Affects Four Agencies

A Rhode Island university notified us of payroll irregularities involving an NSF grant. According to a formal report, an internal audit discovered that an administrative assistant fraudulently endorsed and cashed 40 payroll checks payable to former temporary employees between July 1999 and November 2000. Four Federal agencies were affected by this scheme, for a total of $50,484.61. The university corrected the payroll records and removed all associated charges from the grant accounts. According to the audit report, the employee fraudulently diverted $14,599.20 in NSF funds. The university completely reimbursed the misappropriated funds to the NSF grant.

When confronted with the allegations and preliminary findings, the employee wrote an apology and immediately resigned. The former employee subsequently reimbursed the university, and the Assistant U.S. Attorney declined to prosecute this case. However, because financial fraud was committed against four Federal agencies, and to protect the interests of the Government, we have recommended Federal debarment for a period of two years.

Scientists Plead Guilty to Submitting False and Duplicative SBIR Documents in Two Cases

In our September 2001 Semiannual Report (pp. 41-42), we discussed a case in which a bioengineering professor at a South Carolina university submitted a fraudulent final report for an NSF Small Business Innovation Research (SBIR) Phase I grant to his wife's private company. The report was essentially copied verbatim from a Master's thesis written by one of the professor's students before the grant was awarded, reflecting the fact that no work was actually performed by the company under the award. All of the $99,300 of grant funds were either paid directly to the professor and his wife or used to pay personal expenses such as college tuition for their son. On the basis of the Phase I final report, NSF funded a proposal for follow-on work. We recommended that NSF suspend the Phase II grant, and the professor subsequently repaid $198,975 to NSF and made an unrestricted donation to NSF of $27,500. We referred the case to the Department of Justice, which accepted it for criminal prosecution.

The PI and her spouse used SBIR grant funds to pay themselves for non-existent work, rent a non-existent lab, and pay for their son's college tuition.

On February 25, 2002, the professor pled guilty in U.S. District Court to one count of violation of 18 USC §1001 for submission of false information to the Federal government. Sentencing will follow the preparation of a presentencing report by the Department of Justice. Immediately following the guilty plea, the professor entered into an administrative settlement with NSF in which he agreed to be voluntarily excluded from participating in grants or contracts with the Federal government until October 1, 2004. The professor's wife dissolved the company that received the SBIR grant, and no action was taken against her.

In our March 1998 Semiannual Report (pp. 21-22), we discussed the case of a California company that submitted duplicative SBIR proposals to NASA and NSF. The U.S. Attorney's Office for the Northern District of California sued the company under the False Claims Act. The lawsuit primarily alleged that the company, which was engaged in the business of conducting laser research, submitted substantially similar or equivalent grant proposals to NSF and NASA, and obtained funding from each agency to conduct the same research. At the conclusion of the research, the company submitted virtually identical final reports in order to receive $49,618 in final grant payments. During this semiannual period, the company agreed to a settlement in which it repaid $25,000 to the government. The company also agreed that in all proposals for Federal grants and contracts, it will fully and truthfully provide information to the funding agency about similar or overlapping proposals submitted and awards received, and it will ensure that it does not receive funding for essentially equivalent or substantially similar work.

Conflict of Interest Concerns Lead to Investigation of NSF-Supported Center

In our September 2001 Semiannual Report (pp. 27-28), we discussed audit findings of irregularities in claims of industrial support at an NSF-supported Center. Concurrent with the audit, we investigated whether the exaggerated claims constituted violations of law. We also investigated the Center director's financial interest in a spin-off company to assess whether his failure to report that interest constituted a fraudulent omission.

We determined that the exaggerated claims in the Center reports to NSF likely resulted from a combination of profound sloppiness by the director and significant ambiguity in NSF's reporting requirements for these Centers. (The Center director has since been replaced, and NSF has revised and clarified its reporting requirements.) We also found that there was no conflict of interests between the director, the Center, and the spun-off company. Accordingly, we recommended that the U.S. Attorney's Office decline to file suit. Having received credible written commitments from the former director to comply with Federal requirements, or providing truthful and accurate information in written representations to NSF, along with disclosure of financial interests pursuant to his institution's conflict-of-interest policy, we determined that it was unnecessary to pursue further administrative actions against him.

In our March 1999 Semiannual Report (p. 22) we described another case in which an ERC director had misrepresented the amount of industrial participation in annual reports to NSF. The director in that case pled guilty to a criminal charge for providing false information to the Federal government and served 3 months in prison. There were two important differences between that case and this one. In that case there was a pattern over several years of increasingly exaggerated claims of industrial participation, especially at renewal time, eventually reaching nearly 50 percent. That

ERC also had a history of troubled management and marginal scientific accomplishments, such that if NSF had been aware of the true level of industrial participation, it would not have renewed funding to that ERC. In contrast, the Center described above was highly successful, and the level of exaggerated industrial support was significantly less and followed no apparent pattern.

Institution Reimburses NSF for Faculty Time

A Wisconsin university notified us of financial improprieties by a physics professor who had been the principal investigator (PI) on several NSF grants. He had taken a leave of absence from the Wisconsin university to pursue research at a university in Hong Kong. However, when he ostensibly returned to the Wisconsin university full-time, he continued as a full-time employee of the Hong Kong University. He traveled frequently between Wisconsin and Hong Kong, and insisted he was able to fulfill the demands of both full-time positions simultaneously. While in Hong Kong, he continued to expend funds from his NSF grants as well as other Federal awards.

As a result of the Wisconsin university's audit, the PI resigned and subsequently obtained full-time employment at another Hong Kong university. We asked the Wisconsin university to assess the extent to which his expenditures from his NSF and other Federal awards were consistent with applicable cost principles set out in OMB Circular A-21. The university determined that the PI mischarged $8,315.72 to his NSF grants and $24,026.65 to his Department of Energy (DOE) grant. The NSF grants were closed, so the university agreed to repay the funds to NSF. Because the DOE grant was still active under a different PI, the university agreed to credit the mischarged amount to the DOE grant.

Awardee Institutions Should Notify NSF of Financial Improprieties in a Timely Manner

PIs under NSF research grants have broad discretion to "pursue interesting and important leads which may arise . . . or to adopt an alternative approach which appears to be a more promising means of achieving the objectives of the project" without notifying or seeking approval from NSF. [NSF's Grant Policy Manual 311.2.] In contrast, awardee institutions are subject to broad notification requirements when problems arise with grant administration or expenditure of the grant funds. NSF's Grant General Conditions emphasize that the "awardee has full responsibility for the conduct of the project or activity supported under this award and for adherence to the award conditions." [GC-1 Art. 1.a.] OMB Circular A-110 requires that awardees "immediately notify the Federal awarding agency of developments that have a significant impact on the award-supported activities . . . [including] problems, delays or adverse conditions which materially impair the ability to meet the objectives of the award."

At the awardee institution, scientific, administrative, and financial judgments are variously made by the PI, Co-PIs, post-doctorate students, graduate students, the institution's Authorized Organizational Representative, and other administrative personnel. Serious scientific, financial, or administrative wrongdoing by any of these individuals is of great interest to NSF because it might impair the achievement of the grant objectives, or constitute research misconduct or violations of Federal civil or criminal laws. However, our recent experience has shown that awardee institutions may not always be notifying NSF about significant administrative or financial problems related to their NSF grants or may unduly delay notification. Two matters that were finally resolved in this semiannual period may serve to illustrate this.

In one matter, the PI on an NSF conference grant violated grant conditions regarding competition, conflicts of interests, and program income, and may have committed fraud. By the time the awardee university completed its audit, followed by protracted settlement negotiations with the PI, five years had passed. We found out about the matter only when the university contacted NSF to obtain approval to expend the recovered funds on related activities. By that time, the relevant statutes of limitations had lapsed, precluding civil or criminal action against the PI.

In another matter, a U.S. university discovered that one of its professors, who was the PI on grants from NSF as well as DOE and DOD, had a concurrent full-time position at a foreign university (see p. 45). Although the university had serious concerns about the professor's possibly fraudulent use of his Federal grant funds, it did not notify NSF until after it had completed a full audit and threatened the professor with disciplinary action. By the time we learned of the case, the professor had resigned and permanently left the U.S., precluding taking civil or criminal action against him.

While both of these institutions (and numerous others we have encountered) eventually notified NSF, both delayed doing so until the circumstances prevented our office from conducting an investigation in a timely manner to ensure protection of the Federal government's interests. While we believe that most awardee institutions endeavor to inform NSF of instances of serious non-compliance in a timely manner, if we continue to encounter instances of significant noncompliance with the notification requirement, we will encourage NSF to consider implementing a more stringent notification policy.

Administrative Investigations

NSF Issues Revised Research Misconduct Policy

The Office of Science and Technology Policy (OSTP) issued a final Federal research misconduct policy on December 6, 2000 in 65 FR 76260-76264 (see March

2001 Semiannual Report, p. 39). This policy defines research misconduct, provides guidelines for responding to allegations, and directs Federal agencies that support or conduct research to implement the policy. To facilitate implementation of the policy government-wide, we are continuing to work with OSTP's Interagency Research Misconduct Policy Implementation Group. We have also worked closely with NSF, providing numerous recommendations as the agency drafted its new misconduct regulation. NSF's final rule was published in 67 FR 11936-11939 on March 18, 2002, and is effective April 17, 2002.

Our office has continued to lead the IG community in the effort to implement the Federal Policy on Research Misconduct. Through the PCIE/ECIE Misconduct in Research Working Group, we have made presentations to the IG community and have assisted individual OIGs in implementing the new policy. At the next Working Group meeting, we will focus on techniques for resolving cases that commingle fraud and research misconduct allegations and develop a plan for evaluating agency investigative efforts.

Misconduct in Science Findings by the Deputy Director

Plagiarism Cited in 2 Findings of Misconduct in Science. In our March 2001 Semiannual Report (p. 27), we discussed the case of a biologist at a Washington institution who plagiarized material from another scientist's proposal. Consistent with our recommendations, NSF's Deputy Director issued a finding of misconduct in science. The Deputy Director reprimanded the biologist and imposed a two-year certification requirement. During this period, the biologist must certify to OIG that any documents he submits to NSF contains no plagiarized material.

In our September 2001 Semiannual Report (p. 34), we discussed the case of a scientist employed by a small business in Ohio who plagiarized material for a Small Business Innovation Research (SBIR) proposal. Consistent with our recommendations, NSF's Deputy Director issued a finding of misconduct in science. The Deputy Director reprimanded the scientist and imposed a one-year certification requirement.

Falsification of Data Leads to Delay in Doctoral Degree. In our March 2001 Semiannual Report (p. 26), we discussed the case of a chemistry doctoral candidate at an California state university who falsified data in research supported by NSF. The university placed a letter of reprimand in the chemist's student file, directed him to revise and resubmit his thesis, and delayed the award of his doctoral degree by one year. Consistent with our recommendations, NSF's Deputy Director issued a finding of misconduct in science and sent the chemist a letter of reprimand.

Significant Administrative Cases

University Requirement Inconsistent with Human Subject Protections. We received a complaint that a southwestern university required doctoral candidates to complete the Survey of Earned Doctorates (SED) prior to scheduling a dissertation defense. The SED is a research instrument sponsored by NSF and five other Federal agencies to which the Common Rule for the protection of human subjects applies (45 CFR part 690). As required by the informed consent clause of this policy, instructions for the SED clearly state that the survey is voluntary and that failure to complete the survey will not result in any adverse consequences. Any institutional requirement to complete the survey would contradict the SED instructions and violate the Common Rule.

We contacted the institution to request an explanation. According to the institution, the mandatory requirement appeared to be a long-standing policy that had gone unnoticed and unchanged because no student had previously complained. The institution consulted with their legal office and promptly changed their policy so that graduate students are no longer required to complete the survey. Because the SED has a very high response rate, we intend to determine whether other universities' long-standing policies, though well-intended, may be in violation of the Common Rule.

Professor Barred from Seeking Funds Due to Careless Proposal Preparation. We received multiple allegations of misconduct in science against two chemistry professors at a Florida public university. In a proposal submitted to NSF, the chemists allegedly plagiarized material, fabricated biographical sketches, and made false statements concerning the activities of a research center. We determined that there was sufficient substance to the allegation to warrant an investigation and deferred to the institution's request to conduct its own.

The university's investigation committee determined that the NSF proposal was derived from a declined proposal submitted to another agency in 1991. Because one of the chemists was a co-PI on that proposal, the committee judged that the chemist had the right to reuse the text. The committee further determined that the two questioned biographical sketches were constructed without the knowledge of the affected researchers from information on their faculty webpages. Although the committee found this action to be poor scholarly procedure, the fact that the two researchers did not feel harmed by this action mitigated the circumstance. Finally, the committee determined that the "current research activity" section of the NSF proposal had been copied from the 1991 proposal without being updated. Overall, the university investigation committee found these actions to be extremely poor practice but determined that they fell short of misconduct in science.

The university committee forwarded their report to us and to the university Provost. The Provost sanctioned the two professors for poor scholarly conduct. He sent a letter of reprimand to both professors and directed that neither be allowed to submit research proposals to outside agencies for a period of one year. We reviewed the university report and concurred with its conclusions. We also found that the Provost's actions were reasonable and justifiable within the university's misconduct in science regulations. These actions adequately protected the interests of the Federal Government. We therefore closed this case and intend to take no further action.

False Assurances Lead to Suspension of Grant Funds. In our September 2001 Semiannual Report (pp. 36-37), we described animal welfare issues at a small college in Wisconsin. This case was resolved when the college agreed to establish an Institutional Animal Care and Use Committee to oversee projects that use animals. In a second case involving another Wisconsin institution, we determined that a public university received an NSF award based on a false assurance that the proposed vertebrate animal experiments had been reviewed and approved by its Institutional Animal Care and Use Committee. During the course of our review, NSF suspended funding for the vertebrate animal research in the award and ceased processing the proposal. NSF worked with the institution to develop a Special Project Assurance and ultimately lifted its suspension of funding for the research and funded the proposal.

Based on the false assurances provided by the institution, we recommend that for the next three years, NSF require the institution to provide a statement with each submitted proposal that it has a formal mechanism for ensuring compliance with relevant Federal regulations, and that trained faculty and staff are responsible for the administration and conduct of Federal grants. Additionally, we recommend that the institution be required to provide annual reports describing actions it has taken in connection with the vertebrate animal research supported by NSF, its efforts to ensure compliance with the requirements of NSF's Grant Policy Manual and Grant General Conditions, the results of any state or Federal inspection of its facilities, and its responses to any recommendations made in connection with those inspections.

Fabrication Inquiry Underscores Need for Accurate Record Keeping. We received an allegation that a biologist at an Ohio university fabricated experimental results in a proposal submitted to NIH and an updated proposal submitted to NSF. We contacted the university, who requested that we defer our inquiry while they conducted their own. The biologist testified before the committee that on the basis of verbal communication with a student in his lab, he mistakenly believed that a certain experiment had been conducted and had incorporated a statement to that effect in his proposal materials. The committee found no evidence to contradict this account. In particular, the student's laboratory notebook (a word processing file) was incomplete and did not provide reliable evidence of events in the laboratory. The committee concluded that the evidence was insufficient to sustain the allegation of fabrication. After receiving the committee's report, we undertook our own forensic

linguistic analysis of the student's lab notebook. This analysis indicated that critical entries were missing and that other entries had been edited months after the events. We accepted the university's report and concurred with its conclusion.

In our notification to the biologist, we brought to his attention a relevant case with a different outcome, described in our September 1997 (pp. 36-37) and March 1999 (p. 19) Semiannual Reports. In that case, a scientist claimed that in making certain statements in his proposal, he had relied on oral communications with a graduate student in his lab. He admitted that he took no steps to verify the accuracy of his understanding of the experimental results. The university's investigation committee found that reliance on oral communication of results was not acceptable scientific practice. One outcome of this case was a finding of misconduct in science. Although this was a more complex case with multiple issues, such cases underline the importance of good research and mentoring practices in the laboratory, including scrupulous record keeping.

Other Investigative Activities

Researcher Fails to Report Program Income

In our September 2001 Semiannual Report (pp. 42-43), we reported that a New Mexico professor of mechanical engineering failed to properly account for program income resulting from conference registration fees, improperly spent NSF funds, and violated conflict-of-interest rules in the planning and implementation of an NSF-sponsored conference. Because of the seriousness of the violations, and the fact that the university had failed to audit this award for nearly 3 years, we requested confirmation that every pending NSF proposal and award complied with all applicable Federal policies, particularly the provisions addressing competition and conflicts of interests in procurement. We also asked the university to identify any NSF proposals or awards that may generate program income.

In response to our concerns, the university sent a survey to all PIs requesting disclosure of any current or planned program income. The university's Contract and Grant Accounting Office also independently reviewed all NSF accounts to identify any accounts with the potential for generating program income, such as projects that involved conferences, participant travel and additional participant costs. The university notified us recently that its survey indicates no instances of program income not previously disclosed. As a result of these actions, the university has created a task force to produce a series of required program income training modules for NSF PIs, along with orientation programs for new NSF PIs.

Improvements to Our Investigative Process

Forms Revision and Professional Training. During this semiannual period, we took steps to streamline and improve the investigative operations of our office in preparation for peer review:

- We consolidated case forms, updated existing forms, and implemented a forms numbering system.
- We are in the process of revising our investigations manual to accurately reflect new or modified procedures.
- We also identified five categories of training for investigative staff. All our investigators must complete, as appropriate, either the Basic Criminal Investigator Training Program or the Basic Non-Criminal Investigator Training Program taught by the Inspector General Academy at the Federal Law Enforcement Training Center. Investigators must also complete training in interviewing techniques, grant fraud, financial fraud (including basic auditing skills), and legal issues.

Preparations for Peer Review. The Investigations Committee of the President's Council on Integrity and Efficiency (PCIE) and the Executive Council on Integrity and Efficiency (ECIE) issued a Draft Guide for Conducting Qualitative Assessment Reviews of the Investigative Operations of the Offices of Inspectors General. The Guide proposes standards to be used in implementing a peer review of investigative offices. As a member of the ECIE, we support the need for a peer review process and plan to participate fully in its implementation. We are currently conducting an internal review of our investigations program based on the Guide and plan to submit a report to the PCIE/ECIE Investigations Committee by April 30, 2002 detailing our efforts and suggesting any improvements to the Guide prompted by our internal review.

Implementation of Process for Referrals to NSF Management. From time to time, we receive allegations that NSF personnel have engaged in wrongful conduct. While some of these matters require investigation by our office, NSF personnel officials and/or program managers may best handle others. During this semiannual period, we worked with NSF's Human Resource Management Division (HRM) to establish a procedure for handling allegations we receive that are more efficiently and reasonably handled by HRM or the NSF management. This procedure has resulted in the effective assessment and resolution of such allegations.

Developing a Grant Fraud Indicators System. As discussed in our September 2001 Semiannual Report (p. 45), we created a checklist of grant fraud indicators to enhance our ability to detect grant fraud by identifying its risk factors. We are now developing a pilot project to measure the effectiveness of the indicators. This pilot project, a joint endeavor by the Office of Investigations and the Office of Audit, will involve sharing detailed information relative to the presence of fraud indicators in audits performed or supervised by our office. We plan to implement the pilot project during the upcoming semiannual period.