

OIG Management Activities

Congressional Testimony

In February, Dr. Boesz testified before the U.S. Senate Committee on Appropriations, Subcommittee on VA, HUD, and Independent Agencies, in connection with NSF's FY 2005 budget request. She praised the extraordinary work produced by NSF over its 54-year history, while noting that the nature of the scientific enterprise has changed and that NSF must be prepared to meet new challenges. Dr. Boesz updated the Committee on the progress being made in meeting three of those challenges.

NSF has made gradual progress towards completing the corrective actions aimed at improving its management of large infrastructure projects, she reported. The action plans came as a response to 2 audit reports issued in the past 3 years that discussed the need to increase oversight of large projects as well as capture complete information about their costs. However key recommendations remain open. The new guidelines that apply to large projects do not provide the level of detail necessary to assist staff engaged in their day-to-day oversight. Nor do the guidelines address the problem of recording and tracking the full costs of projects. NSF is planning to address these issues by expanding the content of its new guidelines. Dr. Boesz expressed concern that the newly hired Deputy Director for Large Facility Projects may not be receiving the resources necessary to complete the job, and said that additional staff is needed.

Another ongoing management challenge at NSF involves the establishment of a comprehensive, risk-based program for monitoring its grants and cooperative agreements. Recent OIG audits of high-risk awardees such as foreign grantees and Urban Systemic Initiative awards confirm that in the absence of effective post-award monitoring, certain problems tend to reappear. While the agency has developed a Risk Assessment and Award Monitoring Guide and has taken good first steps toward addressing this challenge, Dr. Boesz told Congress that weaknesses persist. The criteria for identifying high-risk awardees are not comprehensive, ignoring obvious risk factors such as past performance. Also, the Guide does not address the issue of what type of oversight should be accorded to medium and low-risk grantees. Finally, the site visits that are being conducted do not follow a consistent protocol and are not adequately documented.

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The two previous management challenges may be symptomatic of a larger, more pressing need for improved strategic management of NSF's human capital. Dr. Boesz noted that NSF's rapidly increasing workload has forced the agency to become increasingly dependent on temporary staff and contractors to handle the additional work. NSF's past efforts to justify an increase in staff have been impeded by the lack of a comprehensive workforce plan. Without such a plan, NSF cannot determine whether it has the appropriate number of people and competencies to accomplish its strategic goals. The agency has contracted for a human capital workforce plan, but it will take more than a year before the plan will be complete. Dr. Boesz said that the workforce issues facing NSF would undermine the agency's ability to successfully meet other pressing management challenges.

2004 Management Challenges

In October 2003, the OIG submitted a report to the Congress on what it considers to be the most serious management and performance challenges facing NSF. The list was compiled based on our audit work, general knowledge of the agency's operations, and the evaluative reports of others, such as GAO and NSF's various advisory committees, contractors, and staff. Although there was no fundamental change in the challenges from the previous year, NSF has made progress in addressing the challenges OIG has identified. The original management challenges letter appears in its entirety in the Appendix. Additional information about the status of some challenges appears elsewhere in this report and is referenced in parentheses. The 11 specific challenges include:

1. Workforce Planning and Training (see p. 7)
2. Administrative Infrastructure
3. Management of Large Infrastructure Projects (see p. 7, 19)
4. Post-Award Administration. (see p. 7, 13)
5. Cost Sharing.
6. Information Security.
7. GPRA Reporting. (see p. 19)
8. Cost Accounting. (see p. 14)
9. Management of U. S. Antarctic Program (see p. 20)
10. Broadening Participation in the Merit Review Process
11. Math and Science Partnership

Legal 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 OIG and NSF's programs and operations. We perform these tasks for the purpose of providing leadership in activities that are designed to promote economy, effectiveness, efficiency, and the prevention of fraud, waste, abuse and mismanagement. We also keep the 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 14 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 is amending PFCRA to include NSF and the 27 other "Designated Federal Entity" (DFE) agencies that are currently excluded from participation under PFCRA's enforcement provisions. 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. In fact, we have raised the issue of NSF's inclusion under PFCRA in several prior semiannual reports.

The DFEs are generally smaller agencies that intrinsically are more likely to have cases involving smaller dollar amounts. 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. Using the enforcement provisions of PFCRA will enhance NSF and other DFE agencies recovery efforts in instances of fraud that fall below PFCRA's financial threshold of \$150,000. We believe that by not including DFE agencies under PFCRA, the Act fails to maximize its potential. Amending PFCRA to include NSF and the other DFE agencies would strengthen the OIG community's statutory mission to deter fraud, waste and abuse.

Outreach

As part of our ongoing efforts to prevent and detect fraud, waste, and abuse, we reach out to the communities we serve to inform them about our work. Our customers include the national and international research communities, other Federal agencies and OIGs, and NSF.

Working with the Research Community

Along with officials from the National Natural Science Foundation of China, we coordinated an International Symposium on Accountability in Science Funding.

Representatives from 13 nations attended meetings focused on issues of financial accountability and research misconduct. Many of the attendees had come to the symposium believing that their concerns were unique to their communities, but learned over the course of the meeting that the issues confronting them are universal. Research is increasingly a global enterprise and coordination among nations regarding financial and research compliance is key to successful ventures



Representatives from 13 nations attended the International Symposium on Accountability in Science Funding in Beijing.

and the effective prevention of fraud, waste, and abuse.

The Executive Assistant to the Associate Inspector General for Audit remained in China when the symposium ended as part of an exchange of visiting staff between NSFC and OIG. Over three weeks, he observed NSFC's operations and participated in discussions about their oversight and inspection practices. He also attended a regional grants conference sponsored by the NSFC staff in the Xi'an region of China and visited an academic research institution to see how grant recipients use NSFC funds. At the end of his stay, the Executive Assistant made a presentation to an audience of NSFC management and staff that compared and contrasted the different approaches to auditing and oversight of the Chinese and U.S. governments.

At the March meeting of the National Council of University Research Administrators meeting in San Diego, California, the Inspector General moderated a panel discussion on how IGs view their roles and responsibilities. In addition to Dr. Boesz, the panelists included the Inspectors General of the National Aeronautics and Space Administration and Department of Energy, and NSF's Associate Inspector General for Audit. The panelists discussed their respective legislative mandates, approaches to auditing Federal awards, and the role of investigations with respect to research and development award issues.

OIG staff participated in outreach activities at four universities: George Washington University, Florida State University, the Ana G. Mendez University System, and Howard University. We were invited to discuss issues related to the responsible conduct of research, and what constitutes research misconduct. We also presented several seminars to student groups on ethics and issues they are

likely to confront during their professional careers. Speaking at universities enables us to emphasize the importance of ethical conduct to research professionals at the start of their careers. At these meetings, we strive to create an environment where people feel comfortable seeking advice about sensitive issues and concerns.

OIG staff were also invited to speak to professional societies such as the Washington Academy of Sciences, the American Chemical Society, the American Physical Society, and the Society of Research Administrators International, on the following subjects: "Research Misconduct: Policy and Practice," "Responsible Conduct of Research," and "Conflicts of Interests from a Federal Perspective." Members of the research community are encouraged to check our website (<http://oig.nsf.gov/pubs.htm>) for additional information on these topics and others.

This period we also participated in an NSF Regional Grants Seminar, which was attended by numerous officials from awardee institutions as well as Principal Investigators. We presented on issues related to compliance, research misconduct, fraud, and audit, and emphasized the importance of early reporting of any concerns to OIG, and how establishing effective policies and good internal controls can preempt questions raised later by investigators and auditors.

Working with the Federal Community

As Chairperson of the President's and Executive Councils on Integrity and Efficiency (PCIE/ECIE) Misconduct in Research Working Group, the IG continues to lead efforts to educate the community about this issue. We briefed members of the PCIE/ECIE Inspection and Evaluation Committee on the guidelines the working group prepared to assist other agencies in developing research misconduct policies, and conducting professional investigations of research misconduct. OIGs were urged to perform oversight reviews of their agencies' efforts to implement research misconduct policies that are consistent with published Office of Science and Technology Policy (OSTP) guidelines.

At a Council of Science Editors meeting, convened by the Department of Health and Human Services' Office of Research Integrity (ORI), we partici-



President Bush meets with Dr. Boesz and other Inspectors General to commemorate the 25th anniversary of the IG Act.

pated on a panel focusing on research misconduct and the different approaches being taken within the Federal community to address this problem. We discussed NSF's perspective on research misconduct and highlighted the ways in which our procedures differ from ORI's. Journal editors were encouraged to contact OIG directly when they suspect plagiarism, falsification, or fabrication.

The annual Grant Fraud Investigation Training Program focused on disseminating methods used by the IG community to uncover, investigate, and prosecute grant fraud. Hosted by our Investigations staff, the program attracted the largest turnout ever. Over 50 members of the OIG community, including criminal investigators, auditors, and senior managers from 20 different OIGs attended the one-day session held in October 2003.

The ECIE OIGs adopted the Qualitative Investigative Peer Review Guide during this period. Meanwhile, we continue to work with ECIE working group members to prepare ECIE OIGs for investigative peer review by assisting them in developing effective policies and procedures. The working group has developed a schedule for the ECIE voluntary peer review, and has addressed issues related to the modification of Privacy Act systems of records, FOIA considerations, and records retirement.

Working with NSF

In conjunction with other Federal OIGs, we observed the 25th anniversary of the Inspector General Act and invited NSF staff to attend our Open House held in October. The Open House was an opportunity to establish better communications with our colleagues, and inform them about subjects such as identity theft and NSF's policy on peer-to-peer (P2P) file sharing. Educational initiatives involving identity theft and P2P are being undertaken jointly with agency officials.



NSF requires program officers and others to attend conflict of interests briefings presented by NSF's Designated Agency Ethics Official (DAEO). OIG staff members provide a short discussion at the beginning of each session, which allows us the opportunity to interact with program officers and other NSF staff on a regular basis to explain our function, encourage them to seek COI advice from the DAEO, and remind them of their duty to report wrongdoing to OIG. As in the past, a number of our staff has served as resource advisors at NSF's Program Manager's Seminar. This allows members of the staff to interact with new program officers and acquaint them with our purpose and procedures.