

Audit Update

*National Science Foundation
Office of Inspector General*

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What are we covering today?

- Who We Are
- Federal Audit Environment
- Work Plan
- NSF OIG Audit Work Now
- NSF OIG Audit Response to COVID-19
- Case Studies
- Whistleblower Information

WHAT WE DO



Office of Audits

We conduct audits of:

- NSF operations and programs
- NSF award recipients (grantees and contractors)
- Financial / IT Reviews



Office of Investigations

We investigate allegations of:

- Fraud, waste, and abuse
- Research misconduct
- Violations of law, regulation, directive, or policy



Outreach

We invest in outreach:

- Presentations
- Briefings
- www.nsf.gov/oig/reports
- www.nsf.gov/oig/outreach

Federal Audit Environment



Single Audits

- Required
- Standardized



Internal Audits

Customized at organization's discretion



Agency Reviews

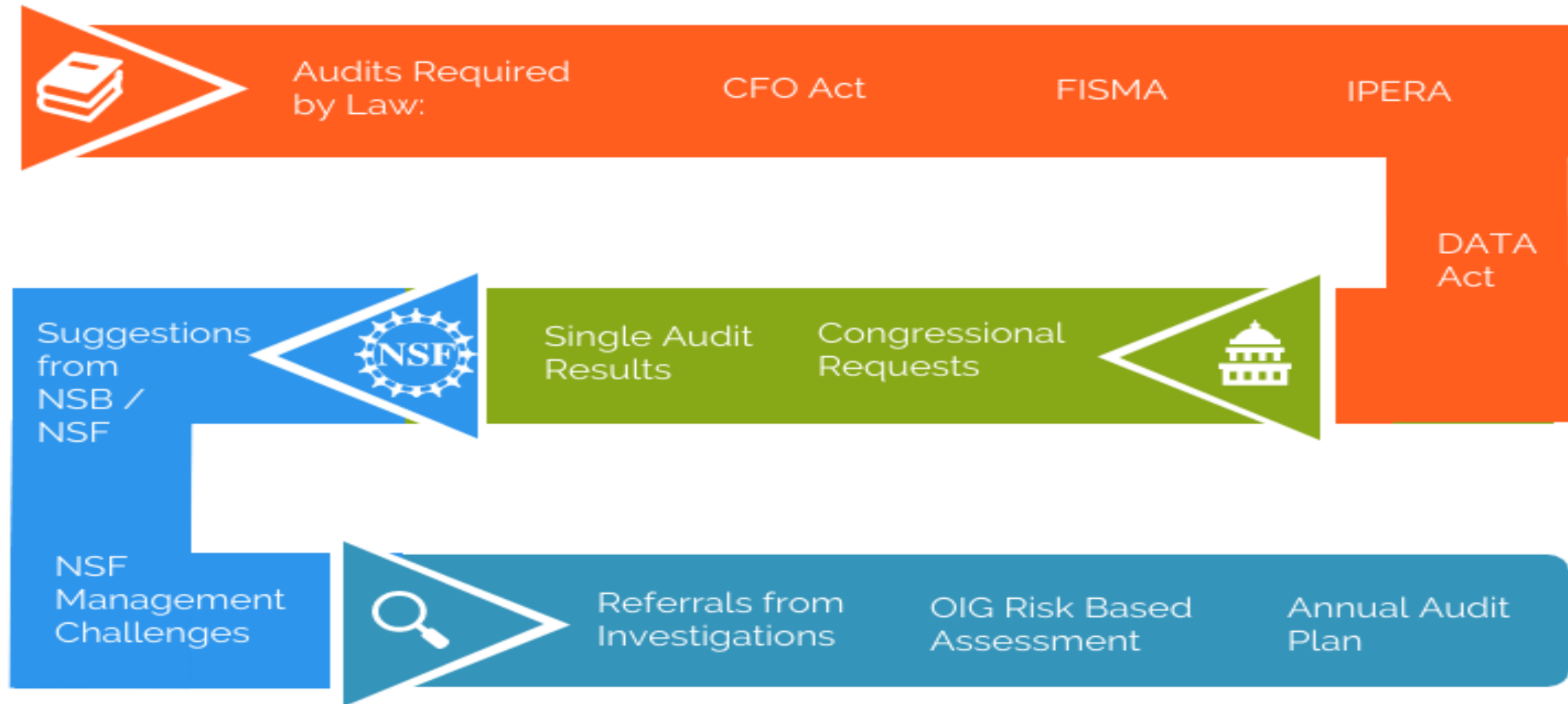
- Required
- Varying scopes and objectives



Inspector General Audits

- Required
- Varying scopes and objectives
- Internal and External to NSF
- Independent

Audit Work Plan

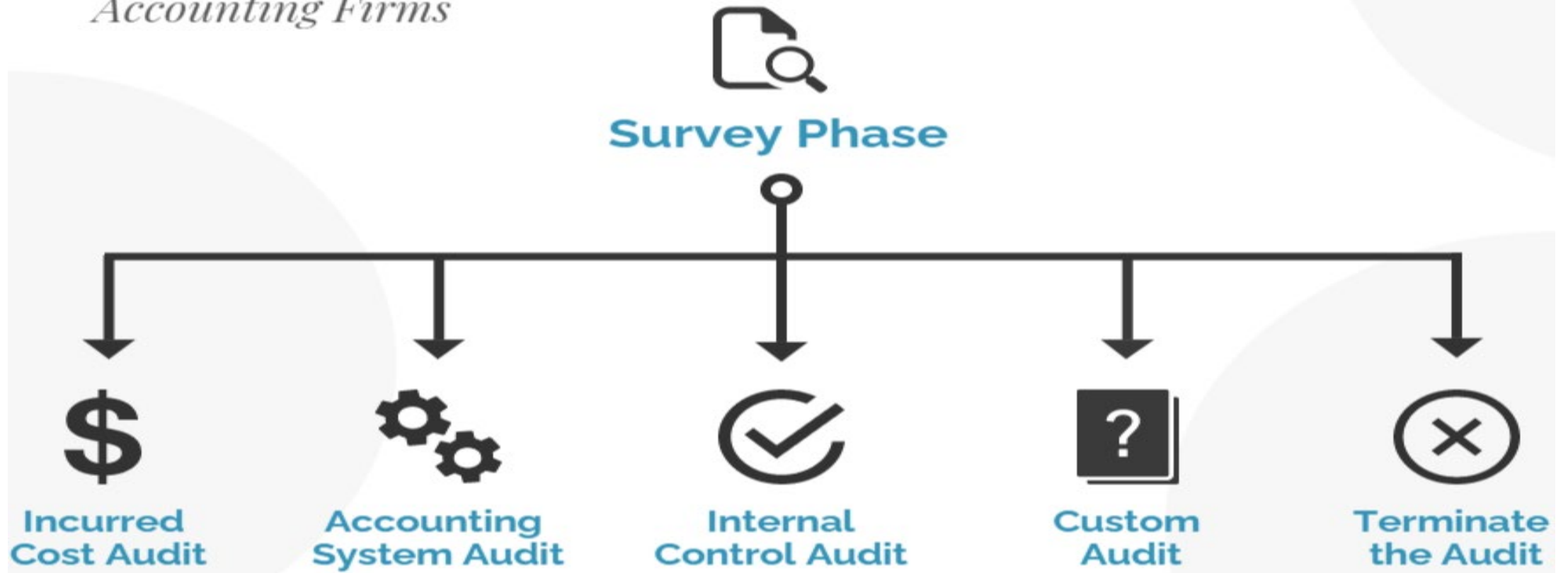


Recent and Ongoing Work Impacting the Recipient Community

- Standard Grant Audits
- COVID-19 Audits
- Graduate Research Fellowship Program
- EPSCoR
- Government Owned Equipment

NSF OIG Grant Audits

Auditing NSF Award Recipients with Independent Public Accounting Firms



Audit Communication Process

Step 1



Engagement Letter

Define audit objective and scope

Step 2



Entrance Conference

- Discuss audit with Auditee management
- Identify key points of contact
- Discuss audit process

Step 3



Fieldwork Discussion Draft

- Discuss potential audit issues and recommendations with NSF management
- May also use NPFRs during audit

Step 4



Exit Conference

Discuss audit results and final recommendations with management

Step 5



Official Draft Report

- Provide Auditee official Draft Report of audit
- Auditee typically has 30 days to for official response
- OIG includes response in final report in its entirety

Step 6



Final Report

- Award Recipient, NSF, & Congressional Committees
- <https://www.nsf.gov/oig/reports/reviews.jsp>
- www.oversight.gov
- Twitter feed @NSFOIG

NSF Award Recipient COVID-19 Audits

*Auditing NSF
Award Recipient
Usage and
Implementation
of the
Temporary
Administrative
Flexibilities
Authorized by
OMB*

10 Auditees



Various
Institution Sizes



Risk Analysis
Q2 2020



M-20-17
M-20-20
M-20-26



Audit Period
March 1, 2020 to
September 30,
2020



Quick
Turnaround
6-9 Months



1 IPA Firm



Collaboration



Capstone
Report



CASE STUDY

Unallowable Faculty Salary Structure

Institution of
Higher Education

3 Year Audit
Period

\$22 Million in
Expenditures in
Audit Period

2 Different Salary Structures



- Institutional Base Salary
- Research Base Salary

*"Charges for work performed on Federal awards by faculty members during the academic year are allowable at the IBS Rate."
"... In no event will charges to Federal awards, irrespective of the basis of computation, exceed the proportionate share of the IBS for that period."*

\$342k of Questioned Costs

Conclusion

The finding was sustained during audit resolution

*2 CFR §200.430



CASE STUDY

*Inappropriately
Allocated Indirect
Costs*

Institution of
Higher Education

3 Year Audit
Period

\$256 Million in
Expenditures in
Audit Period

Negotiated Indirect Cost Rate Agreements

Rate at Time
of Award



Rate at Time
of Proposal

\$255k of Questioned Costs

Conclusion

The finding was sustained during audit resolution

CASE STUDY

Unapproved Subawards

Institution of
Higher Education

3 Year Audit
Period

\$159 Million in
Expenditures in
Audit Period



*"... if it becomes necessary to contract or otherwise transfer a significant part of the research or substantive effort after a grant has been made, **the grantee shall electronically submit**, at a minimum (i) a clear description of the work to be performed, (ii) the basis for selection of the subawardee, and (iii) a separate budget for each subaward, and **NSF will indicate its authorization by an amendment to the grant signed by the Grants and Agreements Officer.**"*

\$891k of Questioned Costs

Conclusion

The finding was sustained during audit resolution, with caveat

CASE STUDY

Expenses Not Properly Allocated

Institution of Higher Education

3 Year Audit Period

\$159 Million in Expenditures in Audit Period

Stipends & Tuition



Publications



Supplies



Travel



Equipment



"... organizations may not shift costs to meet deficiencies caused by overruns or other fund considerations, or for other reasons of convenience."

*"If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, ... the costs may be allocated or transferred to benefitted projects on any **reasonable documented** basis."*

\$129k of Questioned Costs

Conclusion

The finding was sustained during audit resolution

*2 CFR §200.405



WHISTLE BLOWER PROTECTION

Who is protected from Retaliation for making Protected Disclosures?



Current and Former NSF Employees



Applicants for NSF Employment



Employees of a Federal Contractor or Subcontractor



Employees of Grantee or Subgrantee

What are protected disclosures?



Violations of any law, rule, or regulation



Gross waste of funds, gross mismanagement, and abuse of authority



Substantial and specific danger to public health and safety

Protected disclosures can be made to management, OIG, or Congress
Additional Information: www.nsf.gov/oig/whistleblower.jsp

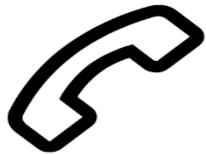


whistleblower OMBUDSMAN/COORDINATOR

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Help OIG Eliminate Fraud and Improve Management



CONTACT US

FRAUD, WASTE,
ABUSE,
MISMANAGEMENT,
FABRICATION,
FALSIFICATION,
PLAGIARISM,
UNNECESSARY
EXPENSES?



WHISTLE BLOWERS

SAVE TAXPAYER
DOLLARS



PROTECT

NSF EMPLOYEES,
CONTRACTORS, AND
GRANTEES WHO
REPORT POTENTIAL
WRONGDOING



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