



NATIONAL SCIENCE FOUNDATION  
OFFICE OF INSPECTOR GENERAL  
OFFICE OF INVESTIGATIONS

## CLOSEOUT MEMORANDUM

Case Number: I05010002

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National Science Foundation, OIG opened this investigation based on a GAO hotline referral of an allegation that was received from an anonymous source. The allegation received by GAO claimed that a company<sup>1</sup> received \$6000 in REU (Research Experience for Undergraduate) funding for an SBIR award,<sup>2</sup> however the company never hired a student to work on that project. NSF records documented that in June 2001, the company received two REU supplements, \$6000 for the SBIR award mentioned in the allegation and \$6000 for another SBIR award.<sup>3</sup>

When questioned, the company responded that a student was not hired to work on the SBIR award mentioned in the allegation, however, the REU funds from that award was used to support a Student that was working on the other SBIR award. The company provided a report accounting for all funds awarded under both SBIR grants, which stated that over \$12,000 was expended to support a student under the second SBIR award. The company also provided an additional letter admitting that the company was deficient and should have consulted with the NSF Program Officers prior to using the REU funds from the first SBIR award to support a student that was already working on the other SBIR award. The company stated that it has added controls and will more effectively monitor awards to ensure this will not happen again.

The NSF SBIR Program Director stated that such a request would have been approved and that he is satisfied with the company's statement that it would more effectively monitor awards and report changes to NSF in the future.

Accordingly, this case is closed.

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