



NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

Case Number: I06010002

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We investigated contract overcharges by a contractor¹ that provided support for the U.S. Antarctic Program. Audits of the contractor's annual incurred costs for the first several years of the contract had resulted in findings that the contractor improperly charged certain indirect costs as direct costs to the contract.² This method of charging costs was inconsistent with its Disclosure Statement and not in compliance with applicable Cost Accounting Standards.

Our investigation developed evidence supporting referral of the matter to the U.S. Attorney for the Eastern District of Virginia for consideration of civil action under the False Claims Act. Although the U.S. Attorney's office conducted extensive negotiations with the contractor and its counsel and, upon reaching impasse, sought permission from the Department of Justice to proceed with litigation, the Department of Justice elected to return the matter to NSF for administrative disposition. The U.S. Attorney accordingly returned the matter to NSF OIG to work with NSF to develop a resolution.

NSF and the contractor, in coordination with the Defense Contract Management Agency, agreed that the contractor mischarged \$10.8 million of indirect costs as direct costs.³ Taking into account an additional \$600,000 in indirect costs and award fees linked to these mischarged direct costs, NSF recovered a total of \$11.4 million.

Accordingly, this case is closed.

¹ Raytheon Technical Services Company, acting through its business unit Raytheon Polar Services Company.

² Contract No. OPP 0000373

³ The audit findings were that \$14.2 million in indirect costs had been charged as direct costs.