NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

TO: AIGI	File Number: I95020004	Date: 15 March 2002
Subject: Closeout Memo		Page 1 of 1

There was no closeout written at the time this case was closed. The following information was extracted from the file in conformance with standard closeout documents.

Our office was informed that the subject[1] was alleged to have forged the complainant's name, taken the control of a NSF grant from the PI[2], and misappropriated the grant funds. Our investigation revealed that $10,128.90 was mischarged to the NSF grant[3]. The subject's university[4] refunded that money to NSF.

Accordingly this case is closed.

[redacted]

	Prepared by:	Cleared by:		
	Agent:	Attorney:	Supervisor:	AIGI
Name:				
Signature & date:				

Investigative Report No. I95020004

I.
Background

A.

Biology Department

, located in , is an historically black university that was founded by in on the basic principle of providing education to young people without regard to race, creed, or sex. The faculty, administrative staff, and Board of Trustees are racially integrated. The biology department at offers programs leading to Bachelor of Arts, Bachelor of Science, and Masters degrees. The program in biology is directed toward meeting the needs of students in three general areas: (1) preparation for graduate studies in the natural sciences, (2) preparation for training in the health sciences including medicine, dentistry and nursing and (3) preparation for careers with governmental or industrial agencies.

B.
The Allegation of Misappropriation of Funds and Other Background Information

In 1989, Dr. (the subject), professor of biology at , hired Dr. (the complainant) to work as a biology research assistant professor at the university. The subject brought the complainant to to work on a research project that was funded by NASA.[1] After the complainant's arrival at the subject submitted a proposal to the National Science Foundation (NSF) entitled "

The proposal (, listed the complainant as the Co-PI for the project. The proposal was declined by NSF. An NSF reviewer noted that the Co-PI had more experience in the area of the proposed research than did the PI. Subsequently, the subject suggested to administration that the complainant submit a proposal on the topic. The university approved the subject's suggestion and the complainant submitted a similar proposal to NSF. In August 1990 the complainant received an NSF Research in Undergraduate Institutions (RUI) award of $ The complainant was to perform research on a biology project entitled In February 1993 NSF awarded additional funds of $ for the complainant's research. The

[1] NASA provided the subject with $ in funds for biological research. The funding began in May 1989 and continued through December 1993.

original request plus the amendment brought the total for the award to $. The entire award complete with a six month non-funded extension expired in July, 1993.

In February 1995 the NSF Office of Inspector General (OIG) received an allegation of misappropriation of funds from the complainant. The allegation was referred to us by the of the Federal Bureau of Investigation. The complainant alleged that in the Fall of 1990, the subject "coerced" him into signing paperwork that ceded control of the grant to the subject. The complainant asserted that he was forced to sign this paperwork because the subject would have refused to sign documentation which would extend the complainant's visa to work in the United States if he did not agree to allow the subject to administer the grant funds.

The complainant also alleged that grant funds budgeted for undergraduate stipends in his NSF RUI grant were used the pay graduate-level stipends. The complainant stated that the subject's practice of improperly paying his graduate students with the complainant's grant funds began approximately in September 1992 and continued through July 1993. The complainant stated that the subject began misusing the grant funds by asking the complainant to sign blank, monthly student stipend appropriation forms. The complainant said that he did sign several of these blank forms, then refused to continue after which he claims the subject began to forge his signature. The complainant also asserted that the subject bought supplies and equipment for other research being conducted in the labs at with funds awarded specifically for the RUI project. The complainant stated that he brought the subject's misconduct to the attention of officials, but they took no action.

II.
Findings

A.
The University Conducted a Limited Investigation of the Allegations. The Subject Did Not Coerce the Complainant Into Giving Up Control of the Grant Funds and He Did Not Forge the Complainant's Signature

We determined that the President of had appointed an investigating committee headed by the Director of the Division of Mathematics and Natural Science to look into the allegations made by the complainant. The committee determined that stipend payments to students approved by the subject were proper. However, the division director recommended to the president that an external auditor review the matter following an additional allegation by the complainant of fraud by the subject. The president directed an internal auditor to conduct an investigation. The investigation was not completed. No further action was taken by officials.

We found no evidence to support the allegation of coercion by the subject. The Director of the Office of Budgets and Grants at the university stated that the complainant himself approached her about allowing the subject to administer the grant funds because

the complainant was not familiar with the standard administrative procedures at the university. The subject stated that the director requested his involvement in administering the grant following the initial suggestion by the complainant. The complainant did not provide persuasive evidence to support the allegation that he was coerced into giving up administrative control of the grant. Based on our interviews with university officials and with the complainant, we find that the complainant voluntarily agreed to permit the subject to manage the grant funds. Without corroborating evidence of any sort, we also reject the allegation that the subject refused to sign documentation extending the complainant's visa.

We found no evidence to support the allegation of forgery by the subject. In September 1990, the complainant signed a letter authorizing the subject to administer the complainant's NSF RUI grant. The letter stated that the complainant authorized the subject to represent him "in all administrative responsibilities of the grant including the signing of Purchase Orders etc." The letter indicated that copies were sent to the subject and the current Dean of Academic Affairs. The university expressed no opposition to allowing the subject to manage the grant funds. The investigating committee reviewed this letter and determined that the subject had authority to administer the grant. Therefore, the committee did not investigate further the subject's actions concerning the payment of student stipends. The committee did, however, determine that was at fault for not notifying NSF of the decision to allow the subject to administer the complainant's grant. We reviewed purchase requests for expenses related to the grant and determined that each time the subject signed the complainant's name, he signed his name as well, acknowledging that he was signing for the complainant, as authorized by him as well as by the university. We find that the complainant's allegation of forgery is without merit because the subject had university approval to administer the grant funds.

B.
Student Stipends Were Paid
Contrary to the Purposes of the Grant

We reviewed account summaries of the complainant's grant along with other documentation made available to us and discovered that three students were paid graduate-level stipends in the amount of $500 per month totaling $7,000. These funds were taken directly from the complainant's grant which was supposed to support only undergraduate research and study.[2] University officials confirmed that the three students in question were not undergraduate students; they had received their bachelor's degrees prior to conducting research at and prior to receiving stipend payments. The university however, classified them as "special students." According to academic policy, "special students" are those students who have completed undergraduate requirements and have been awarded degrees. However, these students are not fully enrolled in the graduate program at "Special students" must meet certain requirements before they are fully admitted into the graduate program.

[2] The NSF award letter for the complainant's grant clearly states that the funds provided by the award are to support "Research Experiences for Undergraduates."

We discovered that not only were these students paid graduate-level stipends from grant funds reserved for undergraduate students, they did not perform research on the RUI project. The students were in fact working on another project with the subject, which was funded by another NSF grant.[3] One student who was paid a graduate-level stipend clearly recalls working with the subject only on a project involving

The subject stated that he could not recall that the student worked with him because she was enrolled at for only one semester from August 1992 through December 1992. The subject admitted, however, that the other two students who were paid graduate-level stipends performed research on the subject's Research Improvement in Minority Institutions (RIMI) project, not the complainant's RUI project. He also admitted that he knew that the students received graduate-level stipend payments which came directly from the complainant's grant. During the course of the limited investigation conducted by the university, it determined that the students for which the subject requested stipends were properly enrolled at and had been properly recommended by the Chair of the Biology Department to conduct research and to receive stipends from the grant funds. University officials did not question the appropriateness of graduate-level stipend payments to those students. No one at referred to the grant to determine whether or not conditions existed which would exempt certain students from receiving payments from the complainant's grant.

Also during the course of our investigation we discovered through interviews with the complainant and biology students at that certain undergraduate students were receiving stipends from the complainant's grant but were actually performing research on the subject's RIMI project. We found that a total of $1,695.50 in funds from the complainant's grant were used to pay stipends to students who did not actually work on the complainant's RUI project. University officials did not question the appropriateness of these payments from the complainant's grant.

The subject stated that he charged expenses related to his RIMI project to the complainant's grant because it was soon to expire. We recommend that the graduate-level stipends and the stipends paid to undergraduate students who worked on the RIMI project, be charged to the subject's RIMI grant. This amount should be credited to the RUI grant and , because the grant has expired, refunded to NSF.

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[3] In October 1992 the subject was awarded a grant for Research Improvement in Minority Institutions, (RIMI) The award in the amount of $ (representing subsequent amendments to the original amount requested) was for research on a project entitled " The funding for this research will expire in March 1997.

C.
Grant Funds Were Improperly Spent on Supplies and Equipment to Support the Biology Department Generally, and to Support other Research Projects Conducted in the Subject's Labs

We found that the subject had been using funds awarded to the complainant for research on the RUI project to purchase general biology supplies and equipment to be used by all students working in the biology laboratories at . The subject admitted purchasing items for general use in the biology department and paying for them with funds from the complainant's grant. The subject admitted that many of the supplies that he purchased could be used in much of the research being conducted in the biology labs. He stated that certain items were even purchased for use on his own NASA-funded and NSF-funded projects. We determined that during 1992 and 1993, the subject charged to the complainant's grant, $1,289.12 for general supplies. The subject estimated that only 15% of the supplies that he purchased with funds from the complainant's grant were being used to conduct research specifically for the complainant's project. Therefore, $1,095 was wrongfully charged to the complainant's award. In addition, the subject charged $320.90 in expenses related to his own NSF funded research and $17.50 for expenses directly related to a research project funded by NASA.

We recommend that these funds for supplies be charged to the appropriate accounts. $1433.40 should be credited to the RUI grant and, because the grant has expired, refunded to NSF.

D.
The Subject Submitted Misleading Progress Reports to NSF On His RIMI Project

We discovered that in the first two years of the subject's NSF RIMI grant which began funding in October 1992, most of the categories budgeted—and specifically student stipends—had been greatly underspent. The subject stated that he had available to him over $1,000,000 in funding from which to pay for student stipends and other research expenses, and he used those funds to support students working on the NSF RIMI project.[4] However, in progress reports submitted to NSF covering October 1992 through May 1993 and October 1993 through September 1994, the subject stated that several students

[4] In addition to NSF, the following organizations have provided funding for the subject's biology research at : NASA provided funds totaling $ that began in May, 1989 and continued through December, 1993, the Kellogg Foundation has provided funds totaling $ that began in July, 1993 and will continue through July 1996, the Department of Education provided $ in funds beginning in September 1993 and continuing through August 1996 and the Hughes Foundation has provided $ that began in September 1993 and will continue through August 1997. Including the subject's NSF award, he has received a total of for biology research at from 1989 through 1997. All of these grant funds are to support the training of minority students in biology research.

from conducted research on the NSF project and were supported with funds from the NSF RIMI award. According to records maintained by the university, only one graduate student at received a single stipend of $400 in May 1994. The subject admitted that students listed in his progress reports to NSF from October 1992 through September 1994, except for one, were in fact not being supported with NSF funds. The subject admitted that while he had been conducting research for the project, he had not been charging the RIMI grant funds allocated for that purpose. The subject stated that from 1992 through 1994, he charged expenses related to the RIMI project to the complainant's NSF grant and to private grants because those funds would expire before his RIMI grant would. He wanted to spend those funds before they ran out. The subject stated that he knew that he had time remaining on the RIMI grant in which to spend the funds.

To date, the subject has spent only $178,435.78 of the $ awarded by NSF. In March 1995, the subject submitted a progress report to NSF covering the period of October 1994 through March 1995. We reviewed records of student stipend payments from October 1994 through June 1995 and discovered that the students listed in the March 1995 progress report properly received stipend payments from the RIMI award. Expenditure accounts as of June 1995 reflect that the subject has appropriately spent the NSF RIMI funds budgeted for stipend payments for the 1994 through 1995 period.

The Director of the Budgets and Grants Office at was aware that the subject had a surplus of money on his funded projects that he was not spending. The director and the current Dean of Academic Affairs at the university stated that they discussed with the subject that he should be spending the grant funds to accomplish the purposes of the research. University officials stated that the subject is conducting valid research at , however he is not conscientious about determining the correct grant funds to charge for expenses related to his research. After interviewing students and university officials, and after touring the biology labs at the university, we agree that the subject is performing substantial research at In addition, we found no evidence that the subject benefited personally from his actions.

Nonetheless, NSF has provided nearly $ to the subject based on somewhat exaggerated progress reports. We recommend that the Division of Human Resource Development (HRD) and the Division of Grants and Agreements (DGA) require the subject to provide a full and complete report on the work completed under the award to date, cosigned by the Authorized Organizational Representative (AOR). HRD should assess whether the unspent grant funds should be returned to NSF.

In addition, the university must take steps to oversee the subject's disbursement of NSF funds. We recommend that the university review this matter and take appropriate action(s), including developing adequate controls to supervise the subject's expenditure of NSF funds. The university should submit a report to DGA and HRD which describes the action(s) taken and controls implemented. When DGA and HRD receive the report from the university, we recommend that they determine whether further action should be taken by NSF to protect NSF funds.

III.
Conclusions

From September 1992 through the expiration of the grant in July 1993, the subject improperly charged $7,000 in graduate-level stipends to the RUI grant. During the same time period the subject improperly charged $1,695.50 to the RUI grant to pay undergraduate students who conducted research on the subject's own NSF funded RIMI project. The subject improperly charged $1433.40 to the RUI grant for biology supplies and equipment which were not used to support the complainant's research. In total, the subject improperly charged to NSF grant $10,128.90 for student stipends, supplies and equipment.

The subject submitted somewhat misleading progress reports to NSF in which he stated that several students were conducting research for his RIMI project when in fact the students were being supported with funds from sources other than NSF.

IV.
Recommendations

Based on our findings and conclusions, we recommend that:

1. The university refund to NSF $10,128.90, the amount improperly charged to RUI grant for student stipends, supplies and equipment.

2. HRD and DGA require the subject to provide a full and complete report on the work completed under the award to date, cosigned by the AOR.

3. HRD assess whether the unspent grant funds should be returned to NSF.

4. The university review this matter, take appropriate action(s), including developing adequate controls to supervise the subject's expenditure of NSF funds, and submit a report to DGA and HRD, which describes the action(s) taken and controls implemented.

5. DGA and HRD review the report provided by the university and determine whether further action should be taken by NSF to protect NSF funds.

The university has agreed to implement all of our recommendations.

Professor of Biology

September 26, 1995

Office of Inspector General
National Science Foundation
4201 Wilson Blvd
Arlington, Virginia 22230

Re: OIG Investigation Report No. I95020004

Dear :

I do not differ with the statement of facts regarding the investigation by NSF Office of Inspector General. And I am very agreeable that improved controls within the University be observed such that the investigator is more responsible and accountable for the language of the report and for reporting on expenditures pursuant to grants awarded by federal agencies. Frankly, I have not understood this to be the internal operating procedure prior to now. I welcome the accountability of the research investigator in reporting on research expenditure and program activity. I believe my research interests can continue to be pursued with NSF in a more reliable and responsible manner in the years ahead.

Sincerely,