

NATIONAL SCIENCE FOUNDATION
4201 WILSON BOULEVARD
ARLINGTON, VIRGINIA 22230



OFFICE OF
INSPECTOR GENERAL

MEMORANDUM

DATE: September 12, 1996

TO: Case #I96030046

FROM: [REDACTED] Special Agent
[REDACTED] Investigations Section [REDACTED]

RE: Case Resolution

Approved [Signature]

On August 12, 1996 we received an allegation from NSF Principal Investigator (PI) [REDACTED] of possible misspent funds on an SBIR Phase I award to [REDACTED]. The allegation stated that although NSF had made final payment to the company in March 1996, several expenses were left unpaid by [REDACTED] at the end of the award. Specifically, the PI stated that payments to two consultants on the SBIR award and payments for laboratory use at [REDACTED] were outstanding. According to the PI the amounts owed are as follows:

[REDACTED]	[REDACTED]	\$2,137.00
[REDACTED]	[REDACTED]	\$2,000.00
[REDACTED]	[REDACTED]	\$3,500.00
		<u>\$7,637.00</u>

The PI is no longer employed by [REDACTED] and suggests that the fact that the company cannot pay these outstanding funds indicates that the NSF funds were misappropriated. According to the PI, these expenses were well within the program budget and should have properly been paid for by [REDACTED].

We contacted one of the consultants on the award who stated that he and another consultant had contacted the SBIR program officer at NSF. The program officer contacted [REDACTED] and was told that there had been a cost overrun on the award. [REDACTED] did not have the money presently to pay the consultants, but stated that it intended to pay the consultants as soon as the funds were available. The program manager told the consultants that NSF was not in privity of contract with any of the consultants and therefore would not have the authority to force [REDACTED] to pay for the consulting services rendered.

We find at this time, that there is no misuse of funds by [REDACTED] as it may relate to the payment of funds to consultants. The company readily admits that the consultants deserve to be paid for the work they performed on the project and the company has every intention on doing so. Additionally, since NSF has no authority in this situation to intervene on behalf of the consultants, we consider the investigation closed at this time.