



National Science Foundation • Office of Inspector General
2415 Eisenhower Avenue, Alexandria, VA 22314

May 30, 2019

The Honorable Charles Grassley
Chairman, Committee on Finance
United States Senate
Washington, DC 20510

Dear Chairman Grassley:

I am writing in response to your April 15, 2019 letter to the National Science Foundation (NSF) regarding foreign threats to our country's research infrastructure. On April 26, 2019, NSF responded to your letter, and referred six questions to the Office of Inspector General (OIG) for additional information. Our response to those questions, as enumerated in your original letter to NSF, follows:

Committee Request #3. How many staff and how much taxpayer money per year is budgeted to ensure compliance with and to identify and investigate potential violations of rules, procedures, and regulations concerning the foreign affiliations of researchers and financial contributions to them?

It is difficult to quantify the specific amount of staff time and budget dedicated to reviewing potential violations related to researchers' undisclosed foreign affiliations, as this is only part of NSF OIG's larger oversight responsibilities. Tracking staff time focused on this area is further complicated by the fact that cases that initially appear to involve only domestic grant fraud may later be revealed to have issues related to recipients' foreign affiliations.

To put our investigative work in this area in perspective, we first became aware of concerns about the impact of foreign talent plans on federally funded scientific research programs in late 2017 and ensured that NSF was briefed on this issue in early 2018. Since then, our investigative caseload has increased about 20 percent.

Committee Request #4. With respect to the recipients of NSF funds for research purposes, how many systematic reviews, or audits, have been performed of those entities in the past five years for the purpose of identifying potential violations concerning foreign affiliations and financial contributions? Please list each entity and the results of the review.

NSF OIG is responsible for auditing grants, contracts, and cooperative agreements funded by NSF. We also review NSF programs and operations to ensure that financial,

administrative, and programmatic aspects of NSF operations are conducted economically, effectively, and efficiently. NSF OIG has conducted 123 audits, inspections, and reviews over the past 5 years to help NSF improve its business policies and practices to better support its mission.

We target our audits of grants, contracts and cooperative agreements to areas of greatest risk; in the case of audits of grant recipients, this is primarily financial risk. If we identify other violations of laws, rules or regulations during an audit, such as undisclosed foreign affiliations, we would report them as findings or, if appropriate, refer them to our Office of Investigations. To date, we have not identified a violation concerning foreign affiliations during an audit.

We are currently working to identify ways to use data analytics to design audits that could provide useful insights and information to NSF and its stakeholders in this area.

5. What enforcement mechanisms are available to NSF to protect intellectual property created by and resulting from taxpayer-funded research and to hold accountable foreign agents and institutions for violating NSF policies and rules? Does NSF require additional statutory authorities to effectively punish and deter wrongdoers? If so, what are they?

We hold foreign agents and institutions accountable for violating NSF policies and rules in the same manner we hold any others – through referring violations of law to U.S. Attorney's Offices for criminal and civil prosecution, and by referring violations to NSF for administrative actions. These administrative actions include suspension or termination of active awards and government-wide suspension or debarment of entities or individuals found to be not presently responsible to handle federal funds.

If, during the course of our investigative activity, we see additional statutory authorities that would enhance our ability to punish and deter wrongdoers, we will identify those authorities and the rationale for them.

Committee Request #6. Please provide the Committee a list of all entities currently under investigation for employing individuals that failed to disclose contributions from foreign governments. Is this publicly available? If not, do you plan to make that list public? If not, why not?

While we are not able to comment on open investigations, as noted in our response to question 3, our investigative caseload has increased by approximately 20 percent since concerns about the impact of foreign talent programs on federally funded scientific research were brought to our attention.

Committee Request #7. Does NSF regularly work with the Justice Department, State Department, and/or the Intelligence Community to properly track, assess, and analyze threats from foreign actors of potential theft, improper disclosure or manipulation of data

collected and results reached through taxpayer-funded research, and the corresponding impact or effect on national security? If not, why not? If so, please describe those agency relationships.

We work with the Department of Justice (DOJ), FBI, other Federal law enforcement agencies, and investigative partners in the Intelligence Community on a regular basis. We have received numerous requests for assistance on cases involving foreign actors over the past two years. We have provided documentation and guidance in response to these requests, with the dual goals of assessing any potential NSF exposure and educating the law enforcement community on the intricacies of NSF awards, policies, and procedures. We also founded a working group with Department of Health and Human Services OIG to share identified threats, best practices to mitigate those threats, and to leverage limited investigative resources with the entire OIG Community. We founded and chair a second working group involving partners in the OIG and Intelligence Communities at the agent/investigator level to address specific investigations and instances of foreign influence affecting the U.S. research enterprise.

Committee Request #8. Please provide a list of all instances in the past five years in which the following occurred: (1) foreign actors used systematic and long-term efforts to influence NSF researchers; (2) foreign actors worked to transmit to other countries intellectual property produced by NSF-supported research; (3) foreign actors contributed resources to NSF-funded researchers in ways that could impact the integrity of the research; and (4) researchers failed to disclose foreign financial support. For each instance, please describe in detail the nature of the violation and whether a referral was made to the NSF Inspector General or the Justice Department.


Although we are limited in what we can say about ongoing investigations, we can share information about a closed investigation relevant to this question. In that case, DOJ reached a civil settlement with a company and associated individuals based upon false certifications relating to specific grant program requirements. The main company principal was debarred by NSF at our recommendation and left the U.S. for a position in China. After the investigation concluded, we learned that the main company principal was a foreign talent plan member, which provided context for some of the activities we had identified during the investigation.

Additionally, DOJ occasionally issues press releases related to cases our office is supporting at significant moments during the course of such investigations (for example, after an indictment, at the conclusion of a trial, or at sentencing). A recent such release focused on the trial and conviction of a former university professor for grant fraud, false statements, and obstruction. According to the press release, pursuant to evidence presented at trial, the professor founded a research firm that relied exclusively on federal grants to fund its research activities. He also worked as a paid researcher for a Chinese University. The professor caused fraudulent grant proposals to be submitted to NSF. Evidence presented at trial indicated grant funds obtained would be used for research the professor knew had

already been done in China. The professor intended to use the grant funds for other projects rather than for the projects for which the funds were requested and submitted falsified timesheets to government investigators to obstruct the investigation.

Should you have questions about the information we have provided or wish to schedule a briefing, please contact me, or your staff can contact Lisa Vonder Haar, Chief of Staff, at 703-292-2989 or lvonderh@nsf.gov.

Sincerely,

A handwritten signature in cursive script that reads "Allison C. Lerner".

Allison C. Lerner
Inspector General