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NSF OIG Finds Issues With ‘Segregation of Duties’ at Woods Hole

A recent audit of the Woods Hole Oceanographic Institution (WHOI) by the National Science Foundation (NSF) Office of Inspector General (OIG) has resulted in a new approval process for some invoices. OIG completed the audit, dated June 11, after the Government Accountability Office forwarded an anonymous tip it had received that “government-funded personnel and equipment” were being improperly utilized on non-government projects, an allegation that was not proven. “The objective of the audit was to determine if NSF funds are being appropriately used and managed to support NSF awards” and focused on \$59.2 million WHOI claimed on 12 awards from Jan. 1, 2014, to Dec. 31, 2016. OIG found that “WHOI generally complied” with federal and its own requirements for spending and oversight of federal funds, but uncovered that the “location and availability” of a reserve fund was “not in accordance with the sponsored agreement terms and conditions.” This finding was previously communicated to WHOI and NSF, resulting in corrections in 2018, the audit states.

However, another finding was that the “invoicing process” for a division of WHOI whose name was redacted “lacked sufficient segregation of duties.” Specifically, an employee generated an invoice on behalf of an individual, and then either the employee who generated the invoice or the one who requested the funds also “approved the invoice for payment on behalf of WHOI.” What happened isn’t clear because OIG redacted portions of the sentence explaining the finding. “Although evidence of wrongdoing was not found in this instance, this lack of segregation of duties increases the risk of fraud and conflicts of interest,” the audit states. “We recommend NSF direct WHOI to strengthen internal controls related to proper segregation of duties for the invoicing process in the division. WHOI acknowledges the need for segregation of duties and plans to ensure that the individual who prepares and submits invoices is also not the approving official.”

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