



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

April 13, 2023

MEMORANDUM

SUBJECT: Management Implication Report: Disclosure of Foreign Support for EPA Research Grants

FROM: Jason Abend, Assistant Inspector General
Office of Investigations

A handwritten signature in black ink, appearing to read "Jason Abend".

TO: Dr. Chris Frey, Assistant Administrator and EPA Science Advisor
Office of Research and Development

Purpose: The U.S. Environmental Protection Agency Office of Inspector General has identified a concern regarding the lack of a requirement for EPA research grant recipients to report foreign support *after* receiving a grant award. As of March 22, 2023, the EPA only required grant applicants to disclose all active and pending research support *before* receiving a grant award. The purpose of this pre-award requirement is to ensure that no scientific or budgetary overlap or conflict of commitment exists. This memorandum addresses the concern of foreign influence on the EPA's federally funded research. It also documents governmentwide requirements and best practices to strengthen the administration of federal grant funds.

Background: On March 9, 2021, the EPA OIG's Office of Investigations collaborated with the National Science Foundation OIG and other federal law enforcement agencies to determine whether unreported foreign gifts could be linked to federally funded awards. This collaborative effort began after an investigation by the U.S. Department of Education identified six universities that did not report more than \$1.3 billion from foreign sources, including China, Qatar, and Russia. The investigation's findings were published in a November 27, 2019 letter sent from the Department of Education to the Senate Homeland Security and Government Affairs Committee.

Section 117 of the Higher Education Act of 1965, 20 U.S.C. § 1011f(a) requires each institution of higher education to file a disclosure report if it:

- Receives a gift or enters into a contract with a foreign source that is valued at \$250,000 or more.
- Receives a number of gifts or enters into multiple contracts with a single foreign source within one calendar year that are valued at a total of \$250,000 or more.

There has been concern among members of Congress and several federal agencies over foreign influence in federally funded research.¹ Specifically, the U.S. Government Accountability Office has indicated that "[f]ederally funded researchers may face conflicts of interest if they receive funding or other benefits from

¹ See GAO-21-130, *Agencies Need to Enhance Policies to Address Foreign Influence*, issued December 2020.

foreign entities, which may be looking to gain access to that research.”² Many agencies have previously focused on avoiding financial conflicts but have not given similar attention to guarding against scientific discoveries being passed to foreign adversaries.

Per section 223 of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, Pub. L. 116-283, effective January 1, 2021, federal research agencies must require that grant applicants:

- Disclose the amounts, types, and sources of all current and pending research support received by or expected to be received by grant applicants.
- Certify that the disclosure is current, accurate, and complete.

In addition, the Act requires grant applicants to agree to update their disclosures before receiving an award at the request of the awarding agency and at any subsequent time during the term of the award that the agency deems appropriate.

On January 14, 2021, the president issued a *Presidential Memorandum on United States Government-Supported Research and Development National Security Policy*, that requires, “[c]onsistent with applicable law, initial disclosures and updates to disclosure reporting. ... Funding applicants should provide initial disclosure as part of the proposal or award process, per agency requirements. Updates should occur annually or more frequently where appropriate to account for individuals’ changing circumstances and for additions to funded research teams.” The memorandum also requires agencies to cooperate with their inspectors general in the investigation of any suspected failure to comply with disclosure requirements and to identify disclosures that have the potential to negatively affect research funding, security, or integrity.

The National Institutes of Health changed its grant policy in May 2021 to ensure that grant recipients annually disclose both financial and nonfinancial conflicts. The policy emphasizes that grant recipients must report information on all resources or financial support from a foreign or domestic entity. To comply with the new policy, each National Institutes of Health grant recipient must complete a yearly progress form, which asks whether the recipient has any new support to disclose. The National Institutes of Health will not release new funds to the grant recipient until this annual form is completed. In addition, the National Institutes of Health issued a notice alerting grant recipients that they must immediately tell the agency of any changes in support.

Other agencies, such as the National Science Foundation and the National Aeronautics and Space Administration, have implemented broader agencywide conflict-of-interest policies and reporting requirements to strengthen integrity oversight efforts related to federally funded scientific research under their purview.

Problem Identified: The EPA OIG identified that an EPA grant recipient, who is also an employee at a university, received both federal funding and foreign support during the grant’s period of performance. The foreign support was provided after the EPA awarded the grant; however, the grant recipient was not required under the terms of the grant agreement to report the foreign support, and the grant recipient made

² See the U.S. Government Accountability Office’s blog post *Protecting Federal Research from Foreign Influence*, dated January 11, 2021, at <https://www.gao.gov/blog/protecting-federal-research-foreign-influence>.

no such disclosure. We presented this information to the U.S. Department of Justice, which declined to prosecute.

During our investigation, we communicated with staff in the EPA's National Policy, Training and Compliance Division, Office of Grants and Debarment, who told us that, while the EPA is aware of the provisions of the National Defense Authorization Act for Fiscal Year 2021 and the presidential memorandum, the Agency only requires grant applicants to disclose current and pending support during the grant application phase. There is no provision requiring the disclosure of foreign support after the EPA awards a grant.

Based on the foregoing, my office has identified a concern regarding post-award disclosures of foreign support and influence by grant recipients. This memorandum is to report our concern so that the EPA may:

- Take whatever steps it deems appropriate to ensure full transparency from grant recipients.
- Comply with the relevant statutory and governmentwide requirements.
- Ensure that there is no scientific or budgetary overlap of, foreign influence on, or other conflict related to EPA-funded research before and after the Agency awards grants.

Should you have any questions regarding this memorandum, please contact Special Agent [REDACTED] at [REDACTED] or via email at [REDACTED].

cc: Sean W. O'Donnell, Inspector General