

**U.S.HOUSE OF REPRESENTATIVES  
COMMITTEE ON SCIENCE, SPACE, AND TECHNOLOGY**

**HEARING CHARTER**

*Results of Two Audits of the National Ecological Observatory Network*

**Wednesday, December 3, 2014  
10:00 a.m. – 12:00 p.m.  
2318 Rayburn House Office Building**

**Purpose**

On Wednesday, December 3, 2014, the Committee on Science, Space, and Technology will hold a hearing to review the findings of two financial audits of the National Ecological Observatory Network (NEON) project conducted by the National Science Foundation (NSF) Office of Inspector General (OIG) and Defense Contract Audit Agency (DCAA). NEON is the name of the project, and NEON Incorporated is the independent 501(c)(3) corporation created to build, operate, and manage the network.

The auditors of NEON's cost proposal issued an adverse opinion in September 2012, stating that the proposal did not form an acceptable basis for NSF's negotiation of a fair and reasonable price. NSF disagreed with this recommendation and proceeded with the \$433.7 million construction award to NEON, Incorporated. The second audit of NEON's accounting system was then conducted by the NSF OIG and DCAA. This audit included NSF's approval of management fees for non-profit corporations like NEON, Inc. DCAA auditors found that NEON used the management fee to pay for such items as \$112,000 lobbying contracts, \$25,000 for a holiday party, and \$11,000/year for coffee services. The NSF OIG investigated this information and referred two fraud cases to the U.S. Department of Justice.

NEON is a continental-scale ecological observation facility with 62 planned sites across the United States sponsored by the National Science Foundation to gather and synthesize data on the impacts of climate change, land use change and invasive species on natural resources and biodiversity over 30 years.<sup>1</sup> NEON is the largest National Science Foundation Major Research Equipment and Facilities Construction (MREFC) project in its FY2015 budget request of \$96 million.<sup>2</sup>

**Witnesses**

- **The Honorable Allison Lerner**, Inspector General, National Science Foundation
- **Ms. Anita Bales**, Director, Defense Contract Audit Agency (DCAA)

---

<sup>1</sup> <http://www.neoninc.org/about>

<sup>2</sup> [http://www.nsf.gov/about/budget/fy2015/pdf/01\\_fy2015.pdf](http://www.nsf.gov/about/budget/fy2015/pdf/01_fy2015.pdf)