

Summary of Audits, Settlements and Investigations Related to Sponsored Programs

Release Date	Audit	Costs w/o benefit to program	Cost Share	Cost Transfer	Documentation	Expenditures/Costs	Subaward/suawardee	Compensation/Effort	Participant Support	Policy & Procedure	Investigation/DOJ	Other
09/28/07	University of Maryland Baltimore County		X			X	X			X		
09/06/07	Brandeis University					X						
06/26/07	NIH review of Graduate Student Compensation Costs							X				NF
05/15/07	University of Iowa Hospitals & Clinics (vendor rebates)					X						
04/05/07	Thomas Jefferson University			X								NF
03/31/07	California Institute of Technology			X				E				NSF
03/12/07	Georgia State University		X		X		X	E		X		CA
02/12/07	New Mexico Title IV-E Contracted University Training Costs (A-06-06-0004)											S/U
11/15/06	NSF September 06 Report to Congress		X						X		X	
09/28/06	Boston University			X						X		
09/26/06	University of Hawaii		X		X		X	E				CA
09/26/06	New Mexico Highlands University	X	X			X	X					CA,P
09/07/06	Tennessee State University	X									X	
	05/01/07 Barbara Nye, Tennessee State PI Enters Guilty Plea											
06/30/06	15 University Select Agent Audit				X							X
06/16/06	University of Chicago			X						X		
06/06/06	University of Pennsylvania							E		X		NSF
05/24/06	University of Arizona Sahra Center					X	X	E				CA, RC
05/04/06	North Shore University Hospital											X
04/10/06	University of Maryland				X							AC
04/06/06	Eastern Kentucky University contract with Kentucky					X						S/U
03/31/06	Howard University		X		X		X	C				
03/31/06	Stephen Raper, MD, University of Pennsylvania											IRB
03/23/06	University of Massachusetts (UMMS) contract with Commonwealth of Massachusetts					X		C				S/U
03/03/06	Columbia University		X									NF
02/27/06	Roger Williams Hospital (UMMS)			X		X	X					
02/03/06	Yale University (UMMS)	X		X		X	X				X	AC
	07/21/06 Princeton Memo											
	07/03/06 Yale Memo on Agency Subpoenas											
	06/30/06 Yale Internal Memo on Scope of Information											
01/20/06	George Washington University										X	
01/09/06	University of Connecticut		X					C			FC	2.5M RC
01/06/06	Indiana State University				X				X	X		
12/28/05	University of Nevada Reno	X								X		CA,AC

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11/21/05	University of Miami Rosenstiel School											NF
09/29/05	Dartmouth College					X	X	E				
09/21/05	University of Rochester		X	X								NF
08/23/05	University of Massachusetts Medical School	X		X	X	X				X		RC
08/16/05	UC Berkley		X		X		X	E				
06/23/05	Cornell's Weill Medical College	X						C			X	4.4M
	08/16/05 Wall Street Journal Article											
06/05	Florida Agricultural & Mechanical		X		X							1.4 M Admn
05/26/05	Mayo Clinic	X		X	X						FC	6.5M
04/26/05	UTMB Galveston							C				X
04/14/05	University of Alabama-Birmingham	X						E			X	3.4 M
04/13/05	George Washington University	X							X		FC	1.8M
	04/19/05 DOJ Press Release											
	10/04/2005 Deputy Director Pleads Guilty										X	
04/04/05	Oklahoma Department of Human Services					X						S/UI
	09/21/04 OKDHS Response (States argument for its claim of contributed indirect costs from University of Oklahoma)											
03/17/05	University of Vermont – Poehlman (one of the most expansive cases of scientific fraud & first PI to serve jail time for fabricating data)										X	
03/09/05	University of South Dakota		X				X					Admn
02/28/05	Dakota State University						X					Admn
02/15/05	Florida International University			X		X		E				11.5M
01/14/05	Northeastern University				X		X					Admn
12/04/04	State of Maine Contract with University of Maine					X						S/UI
08/03/04	East Carolina University	X			X	X		E				
06/04	Harvard	X						E				2.4M
04/16/04	Northeastern University							X		X		
03/02/04	San Diego State Foundation							C				
2004	University of Washington	X										35M
03/12/04	John Hopkins University							E				2.6M
09/11/03	University of South Florida	X				X		C				4M,P
06/05/03	Northeastern University				X			E				5.5M, RC,AC
02/06/03	Northwestern University							E			FC	5.5M
01/28/02	Review of 10 large Research Universities											Indirect
12/17/02	40 Hospital Whistleblower False Claims ; Sanford, Emory, Northwestern, University of Pennsylvania, Baylor										FC	42M IRB
06/30/00	Carnegie Institute of Washington					X						PI
11/17/98	University of Minnesota	X									FC	32M, PI

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09/24/98	Tufs University							X							NF,P
09/04/97	Washington State Department of Social and Health Services Audit of Training Contract Costs														SU
09/02/96	Illinois Department of Children and Family Services														SU
11/28/95	University of Colorado														RC
09/25/95	Washington University-St. Louis							X				X			RC
09/06/95	University of Utah							X							RC
07/07/95	University of Iowa							X							RC
10/26/94	Selected Universities Review of Graduate Student Compensation Charged to Research										C				
01/12/94	Review of Service Centers at 12 Universities							X							RC
04/23/93	Review of 261 Schools Internal Indirect Cost Self Scrubs														Indirect

AC Allocation of Cost

Admn Administration includes Financial Reporting

CA Cooperative Agreement

NF No Findings

RC Recharge Centers

P Purchases at end of Grant Period

PI Program Income

S/U State/University Agreement

S/U I State/University Indirect Agreement

NSF NSF Effort Reporting Audit

Issue Date	University/ Gov't	Funding Agency	Audit Agency (source)	Audit Finding
09/28/07	University of Maryland Baltimore County	NSF	Mayer Hoffman McCann (NSF Audit)	<p>Four Compliance & Internal Control Deficiencies in Fiscal Management Practice</p> <ul style="list-style-type: none"> • Audit identified a material weakness that UMBC personnel did not always follow the cost accounting procedures in place to ensure that the costs charged to NSF awards were accurate, allowable and allocable. Revolving account not established timely to separately record non-reimbursable costs. Monthly review of expenditures not performed timely. (Change in reporting structure and new business manager on maternity leave) • UMBC did not always monitor subaward costs it charged to NSF awards. Reliance on A-133 audit report does not constitute adequate fiscal monitoring of its subawardees .Recommended UMBC develop a comprehensive subawardee fiscal monitoring plan which defines staff responsibilities. • Did not have adequate procedures to monitor the cost sharing expenditures claimed by its subawardees. UMBC never requested cost sharing data or cost sharing supporting documentation from its subawardees. Claimed cost share based solely on the cost sharing budgets. Recommended UMBC develop and

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				<p>implement written policies and procedures to obtain and review cost sharing data and related supporting documentation from its subawardees on a regular basis.</p> <ul style="list-style-type: none"> • Did not have adequate procedures in place to detect errors in the amount of indirect costs it claimed to NSF. Relied on accounting system to calculate and record indirect cost to charge its NSF awards. If direct cost removed from an award the accounting system did not remove the associated indirect cost.
09/06/07	Brandeis University	NIH	HHS OIG	<p>Administrative & Clerical Expense The University misclassified a total of \$31,303 to NIH. Specifically, the audit identified the following charges \$13,400 for text and reference books, \$14,107 for subscriptions to trade journals, and \$3,797 for other supplies used for two open house parties to thank current volunteers and recruit new volunteers for University research projects (deemed public relations costs) that should have been included in its F&A Costs. Appendix A list specific costs. Books include course text books in excess of number of students under the grant, research article reprints, lab manuals and reimbursement of students and trainees for course textbooks.</p>
06/26/07	Select Grants – Review of Graduate Student Compensation	NIH	HHS OIG	<p>Review conducted at the request of two Members of Congress. No finding. University and colleges limited graduate student compensation charges to the amount paid to a first-year, post doctoral scientist performing comparable work at the same institution. Report contained no recommendations. Prior Audit 10/26/94</p>
05/15/07	University of Iowa Hospitals & Clinics	CMS	HHS OIG	<p>Review of Vendor Rebate Paid to Hospitals The University Medical Center received a rebate in the form of a credit memo which could only be applied against the purchase of additional equipment. The University Medical Center used the credit memo to purchase new equipment and reflected the related annual depreciation expense on its Medicare cost report.</p> <p>The CMS OIG identified the rebate through a national statistical sample of rebates. The audit found that the provider did not reduce costs reported on its fiscal year Medicare cost report contrary to Federal regulations and CMS guidelines. The auditors recommended that the University revise and resubmit its Medicare cost report to reflect the rebate as a credit reducing its health care costs, Federal</p>

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				regulation 42 CFR 413.98 states that rebates are reductions in the cost of good or services purchased and are not income. The CMS Provider Reimbursement Manual (part 1, chapter 8) requires provides to report all discounts on their Medicare cost reports.
04/05/07	Thomas Jefferson University	HHS	HHS OIG	<p>University generally documented cost transfers to federally funded grants in accordance with Federal requirements.</p> <p>Since 1996, NIH had designated the University as high risk because of questionable accounting for grant fund expenditures, specifically cost transfers. In 2000, the University entered into an institutional integrity agreement with HHS. The agreement stated that the University adopted new policy and procedures for cost transfers.</p>
03/30/07	California Institute of Technology (Caltech)	NSF	NSF OIG	<p>Audit of Payroll Distribution Confirmation (PDC)</p> <p>Enhance its PDC system to provide for accurate reporting of voluntary committed labor effort devoted by faculty members on Federal Projects. Payroll distribution system does not track and report actual employee activity/effort devoted to sponsored projects. Rather, the system is only required to validate salaries and wages directly charged to Federal grants. Salary costs associated with such unreported faculty effort does not properly get included in Caltech's organized research base, thereby resulting in greater indirect costs paid by the Federal Government.</p> <p>Caltech has not established clear guidance and procedures to ensure that PIs properly identify and track effort voluntarily pledged as cost sharing in its Federal grant proposals. (In accordance with OMB's January 2001 Clarification Memorandum.) Caltech should establish a methodology for reasonably estimating and calculating an amount of "committed cost-shared" PI effort to be reported in the PDC system for sponsored projects with no PI salary reimbursements and ensure such calculated amounts are supported by adequate documentation and included in the organized research base for computing the Federal indirect cost rate</p> <p>Effort Not Submitted within Policy Time Frame Caltech needs to improve the timeliness of PDC report distribution and certification. Of the 63 PDC reports reviewed for the 32 sampled employees, all of the reports were certified late beyond the 150-day</p>

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				<p>timeframe established by Caltech policy.</p> <p>Incomplete Committed PI Effort Reported on NSF Grant Proposals Caltech did not always properly report effort that the PI had actually committed to research projects and activities in the Current and Pending Support information required to be submitted with NSF grant proposals. Establish procedures and guidance to ensure that PI committed person-months is accurately reported for all projects and activities, including the currently proposed grant, in the Current and Pending Support information submitted in NSF grant proposals as required by Chapter II, Paragraph C.2.h. of the Foundation’s <i>Grant Proposal Guide</i>.</p> <p>Formal Policy and Procedures Needed for Internal Evaluation of PDC System Establish a formal requirement for an independent evaluation of the PDC system to ensure its effectiveness and full compliance with OMB, NSF, and Caltech standards. Such a requirement should include procedures to ensure a systematic review of the payroll distribution system is performed to identify reasons for any deficiencies and to make appropriate recommendations, identify the specific office responsible for performing the evaluation, and how often such an evaluation should be conducted.</p> <p>Cost Transferred to NSF Grant From An Overspent Federal Award We found a lack of monthly PI monitoring of Federal grant expenditures, an excessive number of cost transfers involving 8 of the 12 months of one individual’s annual salary, and a cost overrun situation with the Air Force grant. Establish procedures that require that transfers of costs from overspent Federal grants to other sponsored projects require formal written justification and certification by the PI, the Division Chair, and the Associate Director of Project Accounting that the transfer of cost is proper and benefits the receiving award.</p>
03/12/07	Georgia State University Research Foundation Cooperative	NSF	NSF OIG (Conrad and Associates LLP)	<p>Cooperative agreement which brings together 8 academic “partner” institutions from Atlanta Universities transferred from Emory University</p> <p>Inadequate Subawardee Monitoring-Audit</p>

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	Agreement			<p>identified a significant weakness in GSU's monitoring of subawardee costs and cost sharing. Questioned costs include costs for which there was documentation that the recorded costs were expended in violation of the law, regulations or specific conditions of the award. Costs without adequate support by the awardee and costs that require interpretation of allowability by the NSF. Recommended that GSU establish a risk-based monitoring program to ensure that costs were compliant.</p> <p>Inadequate Documentation Payroll Expenses - Center charged for work done on another grant, GSU did not take adequate care in maintaining required documentation, and did not always follow its policies and procedures. Transfers made without explanation or source documentation. Could not locate personal action forms. Non-Payroll – Unable to provide documentation to substantiate that international travel expense related to this award or the travel was properly approved. Unable to provide documentation that purchases were properly authorized, supplies were received or that charges were incurred on behalf of the grant. Unable to provide the contract for consulting services for an invoice.</p> <p>Inadequate Documentation of Non-Payroll Expense and Cost Sharing -For cost sharing contributions, the Center relied on the subawardee's annual certifications of the amounts claimed, without requesting or maintaining additional documentation to prove the accuracy or validity of the claimed amounts.</p> <p>Preaward Charges in Advance of 90 day Limitation</p>
02/12/07	New Mexico Title IV-E Contracted University Training Costs (A-06-06-0004)	ACF (Administration for Children and Families)	HHS OIG	<p>Training Contacts with New Mexico Highland University, Western New Mexico University, and New Mexico State University</p> <p>The state agency contracted with State Universities to fulfill a portion of its training needs. The contracts required the universities to provide the State match and provided for reimbursing the universities for their expenditures up to the yearly budgeted amounts which included direct training costs, administrative costs, and funding reimbursement rates. The</p>

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				<p>contracts allowed the indirect cost rate to be applied to total direct costs. During audits and site visits, the State agency provided Administration for Children and Families (ACF) with copies of university contracts and approved budgets in which ACF approved the contractual and payment process to the universities at the enhanced 75-percent training rate.</p> <p>In compliance with contract language, Highlands University applied its indirect cost to a cost base, which included equipment and stipends (determined incorrect by the OIG). . The state argued that the universities had complied with the terms of their subcontracts, which stated that the indirect cost rate could be applied to total direct costs. The OIG agreed that the state could reimburse the university using the terms it negotiates but the costs were not reimbursable to the state under IV-E program.</p> <p>Reimbursement to the Universities for Unallowable Costs. Reimbursed costs were not supported by ledgers or invoices, expressly unallowable (such as donations and entertainment), or not reasonable and necessary for operating the program (such as candles, corsages, boutonnieres, food, and T-shirts), as well as the indirect costs associated with these unallowable amounts.</p>
11/15/06	Not specified in Report to Congress	NSF	NSF OIG September 06 Report to Congress	<p>An accounting assistant at a grantee institution responsible for processing payments for federal and non-federal awards was debarred from NSF after conviction of embezzling non-federal funds.</p> <p>A Utah university failed to provide guidance to the PI or exercise proper oversight of two NSF awards, with the result that participant support funds were not used for the stated purpose. University reimbursed \$19,000.</p> <p>An OIG investigation involved a university employee who was subsequently convicted of embezzling more than \$487,000, including \$415,000 in NSF funds. In addition investigators discovered that the university certified to inaccurate cost-sharing contributions each year of the award, and could not support a number of expenses charged to the NSF grant.</p>
09/28/06	Boston University	NIH	HHS OIG	<p>Cost Transfer Policy not Followed. Questioned \$11,234 on subaward from Harvard</p>

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				<p>University. Payroll cost transfer was unallowable in accordance with the University's procedures, which state that salary adjustments that increase the level of effort beyond the level certified on the time and effort report will not be accepted.</p> <p>Late submission of final invoice to prime.</p>
09/26/06	University of Hawaii	NSF	NSF OIG (M.D. Oppenheim & Company)	<p>Cooperative Agreement five-year funding of \$9,852,441 with a required cost-sharing match of \$3,228,256. The original intent of NSF was to fund this marine biotechnology research for a period of ten years however, based upon an NSF site review the program was terminated after the initial five-year funding.</p> <p>Unrealistic Percentages for Allocating Labor Costs Related to Cost Sharing Contributions \$1,741,879 of inadequately supported UH labor cost sharing. The grantee's allocated labor costs for cost-sharing contributions were based on estimated and not actual costs. This practice is contrary to OMB Circular A-21, Section J, item 8 (c) (1)</p> <p>Inadequate Supporting Documentation for Subcontract Costs questioned \$305,706 of cost sharing and \$265,449 of direct NSF funded costs claimed by the subcontractor, UCAL, Berkeley, because of inadequate supporting documentation.</p>
09/26/06	New Mexico Highlands University	NSF	NSF OIG (M.D. Oppenheim & Company)	<p>5 year Cooperative agreement of \$9,500,000 Questioned Costs \$ 165,472</p> <p>Lack of System to Identify, Account for, Monitor and Report Cost Sharing Questioned \$1,959,263 of cost share due to a lack of adequate supporting documentation. NMHU could not readily identify in its accounting records the cost sharing amounts it had claimed to NSF.</p> <p>Lack of Adequate Fiscal Monitoring of Subawardee Costs. Questioned of \$81,787 due to lack of supporting documentation.</p> <p>Inaccurate and Unallowable Expenditure Reporting Costs reported to NSF did not agree with official accounting records. Auditors questioned costs due to lack of documentation; purchase of materials and supplies at the very end of the grant period with no explained benefit to NSF program; salaries and wages charged to the award for a professor who did not work on the NSF program; and scholarship costs</p>

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				<p>paid for students who were not eligible to participate in the program.</p> <p>Lack of Conflict of Interest Disclosures</p>
09/07/06	Tennessee State University	NSF	DOJ (Press Release)	<p>A former professor at Tennessee State University indicted on one count of wire fraud and one count of mail fraud as a result of misrepresentations allegedly made in connection with administration of a grant from NSF. The professor used employees funded by NSF grant dollars in furtherance of private consulting performed on behalf of a company organized by a subordinate.</p>
	05/01/07 Barbara Nye, Tennessee State PI Enters Guilty Plea	NSF	DOJ	<p>Former Tennessee State Professor enters guilty Plea. Nye was the director of the Center of Excellence at Tennessee State University (“TSU”). As part of her work at TSU, she was the Principal Investigator of a multimillion dollar grant from NSF. The TSU grant included funds to hire employees known as “Teachers In Residence” (“TIRs”), who were expected to spend all of their time working on the TSU grant.</p> <p>At the same time, Nye was the lead evaluator for a different NSF grant at the University of Alabama-Huntsville (“UAH”). This evaluation project was separate from her work at TSU and she was paid consulting fees from UAH for her work. Nye sent two employees of the TSU grant to UAH to work on her evaluation of the UAH grant and submitted the travel claims to TSU, knowing that it was for travel that was not related to the NSF grant and that it would be paid with NSF funds.</p> <p>Nye admitted that her false statements and other conduct caused a loss to the government of more than \$10,000. Moreover, Nye further admitted that she abused positions of trust, specifically her job as director of the Center of Excellence and her position as Principal Investigator on the TSU LSC grant, in committing the offense to which she pled guilty.</p> <p>09/07/06 Audit of Tennessee State Resulted in Indictment</p>
06/30/06	15 Universities	CDC	HHS OIG	<p>Audit objective was to determine if the universities had established control over select agents in compliance with federal regulations. Eight universities had weaknesses in their inventory and/or access records. Records did not always identify individuals who had entered select agent areas or the dates and times of access.</p> <p>Six universities had weaknesses in access controls including procedures for issuing electronic access keys to select agent areas.</p>

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				<p>Six universities had weaknesses in their security plans. In four cases, the universities had not used a systematic approach to identify threats or had not identified all relevant threats.</p> <p>Three universities had not provided training to all individuals with access to select agents or had not documented the means used to verify that individuals understood the training.</p>
06/16/06	University of Chicago	NIH	HHS OIG	<p>Cost Transfer Policies not always Followed</p> <p>The University had extensive cost transfer policies and procedures, which closely follow the NIH Grants Policy Statement and OMB Circular No. A-21 requirements but staff did not always follow those procedures and cost transfers were not always documented and authorized as required.</p> <p>Background section provides a good summary of Federal Cost Transfer Requirements along with the type of transfers which would raise serious questions.</p>
06/08/06	University of Pennsylvania	NSF	NSF OIG	<p>NSF Audit of Payroll Distribution Weaknesses in the effort reporting system</p> <p>Specifically, based on our statistical sampling results, we are 95 percent confident UPENN could not demonstrate that at least \$9.2 million or 37 percent of the \$24.9 million of labor costs charged to NSF in fiscal years 2002 through 2004, actually benefited NSF awards as opposed to other Federal or university activities. Further, the systemic nature of this control weakness raises concerns about the reasonableness and allow ability of the labor effort charges on UPENN's other \$525 million of Federal awards.</p> <p>The audit disclosed two major systemic internal control 1) UPENN's business managers were certifying labor effort reports, though they were not in a position to know whether work was performed, and 2) effort reports were not certified in a timely manner as specified by UPENN policy. UPENN did not have specific procedures to help business managers understand the types of documents that were necessary to support the effort reports and Department Chairs were not held accountable for ensuring effort reports were completed within the 45-day turnaround period. UPENN also did not conduct an independent evaluation of its payroll distribution system. The auditors disagree with UPENN's assessment that its annual A-133 audits and internal audits of individual sponsored projects meet the Federal grant</p>

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				requirement because both types of audits did not provide for a systemic review of the payroll distribution system.
05/24/06	University of Arizona	NSF	NSF OIG (Conrad & Associates, LLP)	<p>Cooperative agreement of \$16.992M</p> <p>Lack of controls over Subawardee Cost sharing expenditures. University certifications were the only source documentation maintained by the University to support the subawardee amounts claimed as cost share.</p> <p>Lack of controls over subawardee costs funded by NSF. University relied on clean A-133 report and certified invoices signed by a responsible fiscal person at the subawardee to support costs claimed by subawardees.</p> <p>Inadequate retention of electronic payment approvals. Electronic signatures of non-payroll items retained for 90 days.</p> <p>Inadequate review of consulting expenses. Business manager not required to verify that actual consulting services were rendered.</p> <p>Inadequate documentation of payroll expenses. Could not locate signed time sheets for 18 out of 1132 transactions.</p> <p>Overcharging of Publication Costs Unclear from documentation how university calculated 2 % administrative fee for print shop service unit. (note b-7 of audit)</p>
05/04/06	North Shore University	Medicare	HHS OIG	<p>The hospital did not fully comply with Medicare requirements for reporting wage data in its FY 2003 Medicare cost report.</p> <p>*Hospital overstated its wage data by \$3,119,582 and 1,567 hours. The hospital used GAAP to include postretirement benefit and pension costs on Schedule S-3, part II, of the FY 2003 Medicare cost report but did not liquidate the entire amounts associated with these costs within 1 year of the FY 2003 cost reporting period.</p> <p>OIG: While we agree that the hospital computed these costs in accordance with GAAP, the costs were not reported in accordance with Medicare requirements.</p>
04/10/06	University of Maryland	Medicare	HHS OIG	<p>Allocation of Costs, Insufficient Documentation The Medical Center did not always comply with Medicare laws, regulations, and guidelines for reporting its costs, including organ acquisition costs, to the Commission. Specifically, the Medical Center did not have systems that could allocate organ acquisition costs separately from non-organ acquisition costs and other hospital activities.</p>

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				Insufficient documentation and therefore unallowable.
04/06/06	Eastern Kentucky University	Title IV-E	HHS OIG	<p>EKU did not maintain accounting records in such a manner that the cost of individual training projects could be determined.</p> <p>Sixty-three percent of the costs of training charged to Title IV-E in Kentucky were paid under contract with Eastern Kentucky University (EKU) through the University Training Consortium. Of the \$28.5 million in training costs, the State agency claimed \$18.1 million (\$13.5 million Federal share) through its contract with EKU. Issues arose on \$7.2 million (\$5.4 million Federal share) related to the balance of 566 courses.</p> <ul style="list-style-type: none"> • Two hundred and forty-five courses related to general subject matter were claimed at the enhanced 75-percent rate instead of the required 50-percent rate. • Twenty courses did not meet the definition of allowable activities. • Three hundred and one courses may have been inappropriately allocated to Title IV-E. <p>EKU did not maintain accounting records in such a manner that the cost of individual training projects could be determined. Instead, EKU accumulated the costs in the accounting records by funding source. While the detailed supporting records identified the funding source, in most cases, they could not be traced to a particular course.</p>
03/31/06	Howard University	NSF	NSF OIG	<p>Lack of comprehensive policies, procedures, techniques, and mechanisms to effectively manage, account for, and monitor NSF grant funds.</p> <ul style="list-style-type: none"> • Lack of written policies and procedures. While Howard had issued some policies and procedures pertaining to some key aspects of Federal grants management over the years, an internal control process was not established for monitoring and/or evaluating administrative actions to ensure that established procedures were being implemented and effectively achieving sound Federal grants management objectives. • Unable to verify whether the \$12.3 million of cost sharing benefited the intended NSF projects. • The University did not separately track, and

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				<p>therefore, could not support \$6.9 million of matching funds.</p> <ul style="list-style-type: none"> • Lack of adequate documentation to support \$5.4 million of claimed cost sharing provided by seven subawardee organizations. • Lack of adequate documentation to support the faculty salary computations. • Insufficient documentation in accounting records.
03/31/06	Steven Raper, M.D. University of Pennsylvania	NIH & FDA's Office of Criminal Investigations (OCI)	HHS OIG	<p>Civil Complaint Filed Against University of Pennsylvania</p> <p>Investigation based on allegation that physicians withheld information and provided false information to FDA and the University of Pennsylvania's Investigational Review Board (IRB) regarding the gene therapy trial.</p> <p>When patients experienced significant liver toxicities from the transfusion, the physicians amended the study protocol to remove the stopping rules which required that the trial be halted if patients experienced such toxicity. An 18-year old patient in the trial died.</p> <p>The investigation pieced together the chain of non-communications and miscommunications that effectively kept the University's IRB, FDA and the National Institutes of Health (NIH) all unaware that the patients were being exposed to greater and greater risk. Three documents were never sent to FDA because the Quality Assurance Director failed to submit them and two annual reports hand-carried to the local IRB contained understated toxicities. The father of the deceased, who initially stood by IHGT and the physicians after his son died, filed suit against the University of Pennsylvania and the three physicians.</p> <p>The complaint was immediately settled. In the settlement, the University of Pennsylvania and CNMC each agreed to pay grant restitution and fines. Both institutions agreed to increase research subject protection and spend millions of dollars increasing the size of their IRBs, revamping their review procedures, initiating and mandating training for clinical investigators and upgrading their adverse event reporting.</p>
03/23/06	University of Massachusetts	NIH	HHS OIG	<p>Administrative Costs Unallowable</p> <p>The State agency entered into an administrative services contract with the University of Massachusetts Medical School (the University) under</p>

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				<p>which the University agreed to provide support services to the Medicaid State agency.</p> <p>The State agency claimed administrative costs that were unallowable because they did not adhere to Federal regulations. Specifically, the State agency claimed reimbursement for:</p> <ul style="list-style-type: none"> • unsupported contingency fee payments, • excessive payments to a subcontractor, and • employee salaries that had already been reimbursed through indirect cost rates. • University did not prepare timesheets or obtain supervisor certifications for most employees whose salaries were claimed for Federal reimbursement.
03/03/06	Columbia University	NIH	HHS OIG	<p>Cost Sharing – No Finding University had procedures in place to document.</p> <p>This final report states that Columbia University had procedures in place to document mandatory cost sharing; removed salary above the cap when submitting grant application and claims for Federal reimbursement for NIH projects and properly included salary above the cap in the calculation of the Facilities and Administrative cost rate. The report contained no recommendations.</p>
02/27/06	Roger Williams Hospital Subawardee University of Massachusetts Medical School	NIH	HHS OIG	<p>Subawardee Unallowable Costs</p> <p>Audit of Roger Williams Hospital a subawardee of the University of Massachusetts Medical School **Recommended that UMMS reimburse NIH for unallowable costs of subawardee</p> <ul style="list-style-type: none"> • Unallowable cost transfers and related fringe and indirect costs • Unsupported animal care charges and indirect
02/03/06	Yale University Subawardee University of Massachusetts Medical School	NIH	HHS OIG	<p>Subawardee Unallowable Costs</p> <p>**Expanded into Investigation</p> <p>Audit of Yale University a subawardee of the University of Massachusetts Medical School **Recommended that UMMS reimburse NIH for unallowable costs of subawardee</p> <ul style="list-style-type: none"> • Cost Transfers not adequately explained and documented (e-mail stated salary cost transfers made to spend down funds) altered documentation given to auditors. • PI moved subaward funds to other projects that were over budget. • Types of direct charges questioned: laboratory stockroom supplies, (no evidence supplies used

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				<p>on subaward), charges for DNA Sequencing services requested by researchers not documented as working on subaward, charges for maintenance of equipment purchased under another sponsored grant.</p> <ul style="list-style-type: none"> • University did not have cost accounting procedures that address the direct allocation of fungible goods. Method used was unallowable because it is not a recognized method, consistently applied. (3 active projects in lab at same time) • Memo did not provide any supporting evidence that the various projects would consume the same level of supplies and materials, nor did it adequately account for smaller projects. • PI failed to provide the 25% level of effort proposed in subaward application, PI did not submit effort reports for lab technician, two effort reports not confirmed. • University does not have procedures for monitoring the budgeted or minimum level of effort for key personnel.
07/03/06	Yale University	Federal Investigation	Portion of Press Release	<p>Three federal agencies served subpoenas on Yale University late last week, seeking documents relating to the management of research grants. The Department of Health and Human Services, the Department of Defense, and the National Science Foundation each requested documents concerning the allocation of research expenses, the reporting of faculty effort devoted to grants, and numerous other matters relating to grant administration. Each of the three agencies involved issued a subpoena relating to a number of grants and/or contracts it had awarded to Yale over a period of years that varies from one subpoena to another, up to ten years.</p>
07/21/06	Yale University	Investigation	Portion of Princeton Internal Memo	<p>The audit findings concerned cost transfers and effort reporting among multiple projects. They are by no means unusual as recent audits at other institutions have yielded similar findings resulting in large amounts of disallowed costs.</p> <p><i>Office of Research And Project Administration</i></p>
06/30/06	Yale University	Federal Investigation	Portion of Internal Memo from General Council	<p>Scope: As of now, the investigations cover all aspects of federally sponsored research agreements where the sponsor is the Department of Defense, the Department of Health & Human Services, the National Science Foundation, or any component of any of those agencies. We do not yet know how far back the investigations will go. One of the subpoenas</p>

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				<p>calls for documents going back to 1997.</p> <p>What counts as a document or record? Documents and records that must be preserved include anything with words or numbers or data pertaining to federally sponsored research. That includes all letters, emails, research notebooks, voicemails, memoranda, notes, instructions, reports, analyses, telegrams, facsimiles, diaries, calendars, studies, logs, journals, books, plans, records, forms, charts, graphs, audio, visual and digital recordings, photographs (positive prints and negatives), slides, worksheets, checks, credit card charge slips, expense records, computation sheets, computer printouts and programs, tapes, videotapes, diskettes, CD-ROMS, DVDs, microfilm, microfiche, and handwritten comments on any of the above. It includes all copies of documents which are not identical, due to highlighting, handwritten notes, corrections, revisions, or other differences, no matter how minor. All versions of each document must be preserved.</p>
01/20/06	George Washington University Medical Center	NIH	DOJ Press Release	<p>Departmental Administrator embezzled funds which included allocated research grant money. Administrator and her sister received prison time and ordered to pay restitution. GWU reimbursed NIH for direct amount of embezzlement and indirect costs.</p> <p>The Administrator submitted authorization for payment of honoraria in the names of her sister and her brother in law for scientific lectures they never gave or had any capacity to give. She also submitted fraudulent requests for payment of casual labor by various relatives, including her sister and submitted fraudulent reimbursement for business expense primarily for restaurants near her residence.</p>
01/09/06	University of Connecticut		DOJ Newspaper	<p>\$2.5 Million Whistleblower; False Claims Investigation Settlement</p> <p>Specialized Service Centers: Overstated anticipated expenses, overcharged the government and billed for items not covered by the grants.</p> <ul style="list-style-type: none"> • Billing Rates – Failure to revise and appropriately set its rate structure resulted in submission of numerous false claims. • Excessive Compensation – Allowed PI's to charge a grant for the portion of summer salary that was in excess of the PI's annualized salary. • Cost Sharing/Matching – Amounts appropriated for cost sharing were not

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				<p>representative of the amounts actually paid by UConn. <i>Newsday, January 9, 2006 (Associated Press); Hartford Current, January 10, 2006</i></p>
01/06/06	Indiana State University	Dept of Ed	Dept of Ed OIG	<p>Project Services and Equipment Provided to Ineligible Students on McNair Program</p> <p>McNair guideline required summer research internships to be given to students who had completed sophomore year of student. Deviated from the University’s definition of junior-year-status which required 63 semester hours of credit and accepted students enrolled for two years regardless of number of credits.</p> <p>Did not maintain documentation to support its determination that the students were members of groups underrepresented in their academic disciplines.</p> <p>Inappropriately paid McNair funds to individual not enrolled at ISU. Student was finishing incomplete classes from previous terms but was not registered for classes. Deviated from ISU standard for enrollment was that a student be registered for a class.</p> <p>Allowed non-McNair participants to use project laptops. Laptops purchased with grant funds were checked out to students who were not participating in the project at the time. Allowed two scholars to retain the computers after leaving the project.</p>
12/28/05	University of Nevada Reno	EPA	EPA OIG	<p>Allocation of Costs, Reporting, Policies & Practices</p> <p>Audit initiated from Anonymous Compliant Review of complaint on the Regional Environmental Monitoring and Assessment Research Program Cooperative Agreement</p> <ul style="list-style-type: none"> • Recipient personnel were working on other Federal grants projects while being paid from CPA funds. (Practice of charging another grant that had funding while waiting for grant funds to begin.) • Recipient did not allocate expenses to the appropriate Federal grant or cooperative agreement. (Employees not working on the EPA agreement charged travel costs to the EPA agreement and used EPA funds to pay

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				<p>tuition for 3 employees that should have been charged to other grants)</p> <ul style="list-style-type: none"> • Project officer did not require the recipient to complete work plans, progress reports, and status reports. (Officer accepted an incomplete report nearly 3 years late) • The University, in its fiduciary role, did not make sure the Center followed established policies and practices.
11/21/05	University of Miami Rosenstiel School	NSF	DCAA	<p>Examination on Contract Exempt from 48 CFR 9903.201-1(b)(7) practices required by CASB because coverage threshold is not met. Costs claimed are reimbursable.</p>
09/29/05	Dartmouth College	NIH	HHS OIG	<p>Overstated Salaries (Labor Distribution)</p> <ul style="list-style-type: none"> • The College claimed salaries that were not consistent with the PI's actual activity and used an overstated labor distribution percentage. <p>Proposal Costs Charged to NIH Grants</p> <ul style="list-style-type: none"> • Grant application activity charged to NIH Grants. Proposal costs should be treated as F&A. <p>Inadequate Monitoring of Subrecipient Costs</p> <ul style="list-style-type: none"> • College did not have adequate procedures for monitoring subrecipient costs. • No documented evidence that the College reviewed audit report to validate the results claimed in the subrecipient letter. • Invoices did not contain information showing current and cumulative expense. • Invoices did not contain dates of service. • Invoices did not contain required signature of subrecipient administrator or evidence of PI's approval. • Invoices did not contain required approval of sponsored programs manager.
09/21/05	University of Rochester	NIH	HHS OIG	<p>Review of Cost Sharing and Cost Transfers at the University of Rochester (No Findings)</p> <p>Cost Sharing Cost sharing was not required on the grants reviewed and University did not voluntarily commit to cost share on these grants. Audit noted that written cost sharing procedures appeared to meet the requirements but could not access the adequacy of the procedures.</p> <p>Removal of Salary Above Cap Removed salary above cap when submitting grant applications and claims for reimbursement. Properly</p>

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				<p>recorded salary above cap in calculation of F&A cost rate.</p> <p>Cost Transfers Developed and implemented written cost transfer procedures and controls in accordance with OMB Circular No A-110.</p>
08/23/05	University of Massachusetts Medical School	NIH	HHS OIG	<p>Recharge & Laboratory Supply Center Charges</p> <ul style="list-style-type: none"> OIG could not determine who requested the recharge center services or laboratory supply charges and whether these costs were allocable to the NIH Grant. Records were not retained (Records should be retained for 3 years after the dated of the final financial status report). <p>Cost Transfers</p> <ul style="list-style-type: none"> Transfers were made without detailed explanation. The University used these journal entries to transfer significant costs to this grant from another NIH grant. The cost transfers were not accomplished within 90 days of the original transaction. The journal entries did not explain any unusual or exceptional circumstances that would allow these transfers to exceed the 90 day limit. --NIH policy states that grantees who transfer costs from other projects to NIH grants must provide and maintain documentation that fully explains why the transfer was necessary. University policy states that cost transfers much be accomplished within 90 days.
08/16/05	UC Berkley	NSF	NSF OIG (M.D. Oppenheim & Company)	<p>Inadequate Monitoring of Subcontract Costs</p> <ul style="list-style-type: none"> Subcontractor costs recorded in the progress logs in the center did not reconcile with those reported in the accounting system and reported to NSF. <p>Cost Sharing Reporting Deficiencies</p> <ul style="list-style-type: none"> Cost sharing reported to NSF did not reconcile with cost sharing reflected in the accounting system. Unable to support salary costs claimed by center staff – actual percentage of time spent on project was not documented. <p>Inadequate Travel Documentation & Use of Non-Flag Carrier</p> <ul style="list-style-type: none"> Lack of supporting documentation.
06/23/05	Cornell’s Weill Medical College	NIH	DOJ Press	<p>\$4.4 Million Settlement; DOJ (US Attorney in Manhattan) Whistleblower - Physician</p>

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				<ul style="list-style-type: none"> • Over billing NIH grant • Grant money diverted to pay salaries of employees not associated with grant research. <p><i>Chronicle of Higher Education, June 23, 2005</i></p>
	08/16/2005 Cornell's Weill Medical College	NIH		<p>\$4.4 Million Settlement; DOJ (US Attorney in Manhattan) Whistleblower - Physician</p> <p>In October 2003 2 FBI agents delivered subpoenas to officials as 4 armed U.S. Marshals waited in the car outside.</p> <p>Prosecutor Allegations:</p> <ul style="list-style-type: none"> • Cornell falsely projected use of clinical research center in routine applications to keep five year grant going. • Medical school massaged reports of research activity to conceal that 2 faculty members controlled most of grant money. • Corroborated allegations about phantom nurses. • Cornell enrolled adults in programs designed for kids. • Fraudulently double-billed government in 37 cases between Medicaid and NIH. <p><i>The Wall Street Journal; August 16, 2005</i></p>
06/05	Florida Agricultural & Mechanical University (FAMU)	NSF	OIG	<p>Settlement and Compliance Agreement \$1.4 Million Settlement – Cost Share, Financial Administration</p> <p>OIG received allegation university was not providing agreed upon cost-share and to NSF and was misrepresenting the amount of cost-share funds provided.</p> <p>University documentation failed to account for \$1.4 million of award funds received. Uncovered significant issues with university's financial administration of award. University required to set up compliance program and repay NSF.</p>
05/26/05	Mayo Clinic	NIH	DOJ	<p>\$6.5 Million DOJ Settlement;</p> <p>Whistleblower from Research Accounting</p> <p>Allegations: Government was charged for research unrelated to the NIH grants it received.</p> <p>Over expenditures due to:</p> <ol style="list-style-type: none"> 1. Improper Transfers – costs from overspent grants and internal Mayo cost centers included on under spent grants. 2. Accounting system unable to monitor and manage charges <p><i>DOJ Statement, 05/26/05</i></p>
04/26/05	UTMB		HHS OIG	Institutional Compliance Agreement

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	Galveston			Calculation of Salary above Cap
04/14/05	University of Alabama-Birmingham	Medicare & NIH	DOJ, FBI,	<p>\$3.4 Million DOJ Settlement</p> <p>Two separate lawsuits under false claims act.</p> <p>Whistleblowers: Research Compliance Officer and Physician</p> <p>Allegations: Research work overstated; Medicare billed for research funded elsewhere</p> <ul style="list-style-type: none"> • In grant applications overstated percentage of work effort the researchers were able to devote to the grant. • Billed Medicare for clinical research trials that were billed to the sponsor of research grants. • Focus on allegations involving the manner in which UAB investigators accounted for their overall effort. <p><i>HHS OIG Audit</i></p>
04/13/05	George Washington University	Department of Transportation	OIG, FBI, US Attorney	<p>Settlement \$1,828,000 with University – False Claims</p> <p>GWU internal investigation</p> <p>Allegation: Theft of Federal Funds; 3 year Prison Sentence for PI</p> <p>Professor embezzling more than \$900,000</p> <ul style="list-style-type: none"> • Invoices contained fictitious labor, equipment and consulting equipment. • False representations to establish unauthorized graduate student stipends and a tuition scholarship for spouses of George Washington University employees. • “Bedewi filed claims for what turned out to be nonexistent expenses, with the money going to companies that he secretly controlled. In addition, he used federal money to pay unauthorized stipends to graduate students and to provide unauthorized scholarships to the spouses of GWU employees.” <i>Washington Post</i>, April 20, 2005 • In addition to diverting money to New Generation Motors, Bedewi allegedly used some of the funds to make payments on his home equity line of credit, buy Washington Redskins season tickets, pay annual fees for a Florida condominium, make three monthly payments on an automobile lease and pay down credit balances for family members, according to the complaint. <i>Washington Post</i> April 13, 2004 <p><i>Department of Transportation OIG memo, April 13,</i></p>

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				<p>2005 <i>DOJ Press Release, April 19, 2005</i> <i>Washington Post April 13, 2005</i></p>
	<p>10/24/05 George Washington University Adjunct Professor Pleads Guilty</p>	<p>Department of Transportation</p>	<p>OIG, FBI, US Attorney</p>	<p>On October 24, 2005 Paul G. Bedewi, former adjunct professor at George Washington University (GWU) and deputy director of the DOT-funded National Crash Analysis Center in Ashburn, VA, pled guilty in U.S. District Court, Washington, DC to one felony count of theft from programs receiving federal funds. Sentence 5 months.</p> <p>Bedewi was charged with embezzling \$78,602 in DOT and GWU research funds through illegal stipends and unallowable purchases. Investigation found that Bedewi caused the Center to issue authorized and fraudulent graduate assistant stipends to his wife; and made unauthorized charges using a GWU-issued purchase card.</p> <p>Paul Bedewi is the cousin of Nabih Bedewi, former GWU engineering professor and director of the crash center.</p>
04/04/05	<p>Oklahoma Department of Human Services (Finding related to Contracts with State Universities only)</p>	HHS	HHS OIG	<p>University Indirect Costs</p> <p>The state agency claimed indirect costs that it did not incur as Medicaid administrative costs.</p> <p>The State agency contracted with State universities to provide training and other services and claimed indirect costs that it did not pay to the universities as Medicaid expenditures. A State agency may not claim or receive Federal funds for money that it did not expend. CMS officials concurred with the OIG finding indicating that only the indirect costs that the State agency actually paid were valid Medicaid costs.</p> <p>For about 12 years, the State agency claimed indirect costs that it did not pay as administrative costs for one university contract. The State agency claimed the indirect cost rate specified in the contract and additional amounts that it did not pay the university. These additional amounts were based on the university's assertion that its actual indirect costs were higher than the contractual amounts it charged the State agency.</p>
	<p>09/21/04 State of Oklahoma Response (Audit portion pertaining to University)</p>	CMS OIG	<p>Portion of Response to Finding related to University of Oklahoma Training</p>	<p>State Agency's position was that they had incurred all of the costs in question as a direct expense of the State agency or as a "certified public expenditure" of the university. The State agency believed that claiming the indirect costs that it did not pay was an acceptable practice pursuant to 42 CFR § 433.51, which recognizes that a State can seek Federal</p>

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	Indirect Cost)		Contract Appendix C Page 1 & 2	<p>reimbursement for funds paid directly by a State agency or funds certified by a contributing public agency. The contractual language between the State agency and the university indicated that the university would contribute the difference between the indirect cost rate agreed to in the contract (13.175 percent of direct costs) and the indirect cost rate that the university said was its actual rate (59.2 percent of direct costs). As a result, the State agency believed that it could claim the 59.2 percent rate and receive Federal funding.</p> <p>OIG Response We disagree with the State agency’s position that 42 CFR § 433.51 permits it to claim contributed indirect costs. The conditions contained in this regulation were not intended to disturb the basic statutory requirement that the State share is for “expenditures” under the State plan (section 1902(a) (2) of the Social Security Act). Our position and the position of CMS, the cognizant Federal agency, is that the State agency may claim only indirect costs that it actually paid to the universities through the contracts.</p>
03/17/05	University of Vermont – Poehlman (one of the most expansive cases of scientific fraud & first PI to serve jail time for fabricating data	NIH	HHS Office of Research Integrity	<p>Dr. Poehlman submitted grant applications to federal agencies that included false and fabricated research data in order to support the scientific basis for and his expertise in conducting the proposed research. Poehlman plead guilty to lying on a federal grant application and admitted to fabricating more than a decade’s worth of scientific data. Poehlman’s admission of guilt came after more than five years during which he denied the charges against him, lied under oath and tried to discredit his accusers. One of the most expansive cases of scientific fraud in U.S. history. Poehlman was sentenced to one year and one day in prison. First scientist to spent time in prison for fabricating data.</p> <p><i>The New York Times Magazine</i> October 22, 2006</p>
03/09/05	University of South Dakota	NSF	NSF OIG	<p>Unallowable costs Claimed VP salary who worked in the research office incorrectly claimed as cost sharing. USD did not consistently charge its project administration costs as indirect and direct charged some of the costs to NSF awards.</p> <p>Improve annual reporting process. Inaccurate, untimely and missing annual reports.</p> <p>Improve management of subawards. Subaward and subcontracts not signed until after work had begun.</p>

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02/28/05	Dakota State University	NSF	NSF OIG	<p>Subcontract Management Needs Improvement</p> <ul style="list-style-type: none"> Two subcontracts did not contain a detail statement of work and subcontractor did not keep a detailed breakdown of expenses. <p>Inadequate Grants Management</p> <ul style="list-style-type: none"> DSU did not notify NSF of problems on Rite Link Grant (material impairment of the ability to meet objectives of the award) Inaccurate annual reporting to NSF No clear oversight of Federal Awards Recommend office develop and implement written policies and procedures.
02/15/05	Florida International University	DOE	HHS OIG	<p>\$11.5 Million Settlement</p> <p>Cost Transfers incomplete documentation, grants used as a clearing account, cost transfers after grant had closed.</p> <ul style="list-style-type: none"> Improperly billed for scientist time, travel and administration expenses. 2003 audit indicated that the faculty members' time promised had not been properly documented and did not equate to actual effort. <p><i>The Chronicle of Higher Education, Today's News, February 15, 2005</i></p>
01/14/05	Northeastern University	CDC	HHS OIG	<p>The objective was to determine whether costs claimed for reimbursement by the University represented allowable, allocable and reasonable costs under the terms of Department of Health and Human Services grant.</p> <ul style="list-style-type: none"> Identified \$194,890 in consultant and related indirect costs that were not adequately supported as required under Federal regulations and University procedures. Internal control weaknesses relating to the monitoring of sub-recipient costs, and the submission of untimely financial status reports that were not reconciled to financial records. OIG recommended that the University: obtain consultant agreements for all consultants working on Federal grants and monitor consultant activity by requiring activity reports, PI certifications, and invoices; refund \$194,890 to CDC for unsupported consultant costs; improve sub-recipient monitoring; and report accurate, current, and complete

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				financial results that reconcile to financial records.
12/04/04	State of Maine & University of Maine	Title V-E	HHS OIG	Training Contracts with University Incorrect Calculation of The Federal Share of Indirect Costs related to University billed indirect cost rate.
08/03/04	East Carolina University	NLM	HHS OIG	\$656,000 Cost Adjustment Clerical and Administrative Costs, Time & Effort \$1.7 Million for adjudication due to lack of documentation Costs not Related to Project <ul style="list-style-type: none"> • Compensation charges for clerical and administrative personnel whose duties did not apply directly to the project. • Contract was regularly charged for unallowable costs (Equipment not used on the project; clerical & administrative personnel not directly related to project) Time and Effort Reports based on inconsistent methods, <ul style="list-style-type: none"> • No procedures in place to compare time and effort reporting for each employee to the approved funding levels for the contract. • No requirement for timely submission of effort reports. • No procedure to reconcile reported time and effort to actual payroll distribution.
June 2004	Harvard		DOJ	\$2.4 Million Settlement Allegation: Government was billed for salaries and expenses unrelated to federal grants. Agreed to pay \$3.3 million over charges a researcher spent fewer hours than promised on a research study. Researchers not working on grant or did not meet citizenship requirements. <i>July 2, 2004 Chronicle of Higher Education</i>
04/16/04	Northeastern University	NIH	HHS OIG	Summary salary of PI – Costs claimed for salaries were not adequately supported and should be disallowed. Point to University Guidelines for Managing Grants
03/02/04	San Diego State Foundation	NSF	NSF OIG	Overload compensation charged without required specific agency approval.
2004	University of Washington	Medicare	HHS OIG	\$35 million Medicare and Medicaid over billing

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03/12/04	John Hopkins University	NIH	DOJ Press	<p>\$2.6 DOJ Million Settlement</p> <p>Allegation: Faculty time and effort devoted to NIH grants was overstated.</p> <p>Knowingly overstated time worked Charged more than 100% of salary <i>Chronicle of Higher Education, March 12 2004</i></p>
09/11/03	University of South Florida		HHS OIG (Newspaper story)	<p>\$4 million to the federal government for inappropriately spending research grants and failing to properly record purchases.</p> <p>Investigation began with an audit in 1999 and concluded in 2003.</p> <p>Charging clerical costs to grants without justification, purchasing equipment after a project already ended, paying for employees to travel who did not report working on a grant. <i>St. Petersburg Times 09/11/03</i></p>
06/05/03	Northeastern University	NIH	HHS OIG	<p>\$5.5 M settlement</p> <p>Unsupported direct labor and fringe benefits</p> <ul style="list-style-type: none"> PI did not submit effort reporting form to support summer salary Animal care costs – Animal care facility set up as a recharge center, in proposal PI put direct salary in budget for animal care technician instead of rate. OIG determined that this made it a direct cost and required time and effort report. <p>Use of Incorrect Indirect Cost Rate – University used the indirect rate that was in effect when the proposal was prepared instead of the rate in effect at the time of approval.</p> <p>Purchases</p> <ul style="list-style-type: none"> Procard Purchases – Purchases not supported by source documents (receipts). Manual Purchases – No signed purchase order, receiving reports, supervisory approval
02/06/03	Northwestern University	NIH	DOJ Press	<p>\$5.5 million, DOJ Settlement-False Claims Act</p> <p>Whistleblower from Office of Research Sponsored Programs</p> <p>Allegation: Researchers spent less time on NIH-sponsored projects than they reported.</p> <p>Misrepresentation of time spent</p> <p>Failed to comply with effort reporting standards DOJ Press Release 02.06.03 <i>Chicago Tribune, February 7, 2003</i></p>
01/28/02	Review of 10 large research Universities		HHS OIG Review	<p>Review of Indirect Cost Rates at ten large research universities based in part, on an oral request from Congressman Dingell before subcommittee</p>

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				<ul style="list-style-type: none"> Universities were forgoing a significant amount of revenue because of reduced indirect rates Federal government was generally not receiving the lowest rate charged 3 of the 10 universities entered into agreements with foreign governments and most entered into agreements with foreign corporations
12/17/02	40 Hospitals; Stanford, Emory University, Northwestern Memorial, University of Pennsylvania, Baylor University	Medicare	DOJ & US Attorney's offices	<p>\$42 Million, DOJ Settlement with 31 hospitals;</p> <p>Whistleblower False Claims</p> <p>Allegation: Between 1986 and 1995, these hospitals improperly charged Medicare for tens of millions of dollars worth of procedures involving experimental cardiac devices that had not been determined safe and effective and were not properly reimbursable.</p>
06/30/00	Carnegie Institute of Washington	NSF	NSF (by <i>M.D. Oppenheim & Company</i>)	<p>Program Income, Cost Bases</p> <ul style="list-style-type: none"> CIW did not offset third party income against its indirect cost Stipends paid not included in the direct costs bases Cost overruns charges as indirect Excluded equipment purchases less than capital threshold from direct cost base Did not exclude unallowable costs
11/17/98	University of Minnesota	NIH	DOJ (NIH, OIG, FBI) Press Release	<p>\$32 Million Settlement; Qui Tam Case False Claims</p> <p>The University agreed to pay 32 million to settle allegations of selling an unlicensed drug and mishandling of NIH Grant Funds.</p> <p>Program Income Issue – Money earned from drug should have been reported to NIH</p> <p>Human Subjects Issue – University used drug before obtaining required written informed consent. Dispute covered 29 federal grants in which university charged:</p> <ol style="list-style-type: none"> salaries & wages for employees who did not work supplies that were not used on the grants <p>Conduct was found in 1992; Qui Tam filed in 1995 (won in court) & NIH took administrative actions to improve grants management systems; 1996 US intervened in complaint;</p> <p>*Largest settlement recorded for NIH Grants <i>DOJ Released Statement, 11/17/98</i></p>

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09/24/98	Tufts University		HHS OIG	Objective – to determine if expenditures incurred in the last quarter of Federal grants were reasonable and allowable. No findings.
09/04/97	Washington State Department of Social and Health Services (DSHS) Audit of Training Contract Costs," (A-10-96-00004)	ACF	HHS OIG	<p>This audit primarily concerned the contract with Western Washington University (WWU).</p> <p>Use of Funds Donated From Private Sources for Matching WWU contracted with independent contractors to provide services at a predetermined daily rate and billed DSHS for this amount. WWU established a market value for the training higher than the amount paid to the contractors and included the difference between the market value and the amount paid to the contractor as contributions for use by DSHS in meeting its matching requirements for the various programs benefiting from the training. OIG Response: Federal regulations cited in our audit report in Appendix B describe when funds donated from private sources maybe considered as the State’s share in claiming FFP (matching) for the Medicaid program, and the regulations do not provide for third-party in-kind contributions in meeting this requirement.</p> <p>Use of Market Value of Training Services as Federal Participation Instead of Actual Costs Paid by State to University WNU training center entered into agreements with university departments to furnish faculty to provide training services required by the contracts. WNU paid the departments actual costs and billed DSHS for the asserted value (market) of the training services which DSHS used to claim reimbursement for Federal programs (i.e., the AFDC, Food Stamp, Medicaid, JOBS, and Refugee Resettlement programs.) The DSHS reimbursed WWU only for its actual costs (i.e., the total billed less the matching amounts). OIG Response: Claimed costs for university employees in excess of actual costs incurred. Federal regulation 45 CFR 95.507, concerning cost allocation requirements, provides in subsection (b) (6) that costs claimed by the State agency for services provided by a governmental agency outside the State agency will be based on the actual costs incurred.</p> <p>Claimed Costs Associated with Classroom Space Provided in State-Owned Buildings as State</p>

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				<p>Contribution OIG response: building space and equipment costs had already been charged to Federal programs through the DSHS Department Wide Cost Allocation Plan. Therefore, such contribution amounts represented a duplication of amounts already claimed for Federal reimbursement.</p> <p>Administrative Costs Claimed by University Covered under HHS Division of Cost Allocation indirect cost agreement unallowable as direct charge. The WWU used the indirect cost rate in billings submitted to DSHS for costs incurred under the training contract. Therefore, the salaries and benefits represented a duplication of amounts already charged.</p>
09/02/96	Illinois Department of Children and Family Services (A-05-95-00022)	ACF	HHS OIG	<p>This audit involved contracts primarily with Governors State, Sangamon State and Northern Illinois Universities. The audit findings related to administrative expenses billed as direct costs to the contracts and included in administrative overhead reimbursed through an indirect cost rate and costs based on unsupported use charges and unsupported flat fees.</p>
11/28/95	University of Colorado		HHS OIG	<p>A Review of Recharge Centers</p> <ul style="list-style-type: none"> • Rates based on actual cost of materials plus a percentage markup, which was not based on cost. • University did not have written policies and procedures for recharge centers • Surplus funds were transferred to other accounts • Equipment costs were expended instead of capitalized <p>Net interest earned on pooled investment balances were not charged back to the fund or department that earned the interest.</p>
09/25/95	Washington University- St Louis		HHS OIG	<p>Review of University Recharge Centers</p> <ul style="list-style-type: none"> • University did not develop billing rates based on actual costs of providing services. • Surplus and deficit fund balances were not properly accounted for. • Surpluses and deficits were included in the calculation of the indirect cost rate; the proposed rate may have been overstated and may have resulted in duplicate recovery of costs. (Surplus balances included in the indirect cost pool understanding the rate; deficit balances overstate the indirect cost rate.) • Comment on animal rates which are less than

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				cost.
09/06/95	University of Utah		HHS OIG	<p>A Review of Recharge Centers</p> <ul style="list-style-type: none"> • Billing rates not adjusted to eliminated operation surpluses and deficits. • Recharge centers had not made cost studies to ensure that billing rates approximated costs for individual services. • Equipment costs from operating to reserve accounts were not based on equipment depreciation schedules maintained for the recharge center operations. <p><i>HHS OIG Audit</i></p>
07/07/95	University of Iowa		HHS OIG	<p>A Review of University Recharge Centers</p> <ul style="list-style-type: none"> • Some centers did not periodically adjust billing rates to eliminate operational surpluses and deficits • Some centers developed rates based on goals conflicting with A-21 provisions: <ul style="list-style-type: none"> ○ One center billed at rates which provided net income of 20% to fulfill the annual dept service requirement required by its bond covenants. ○ One center billed at rates to provide surplus funds to purchase a new computer ○ Another center billed at rates below cost to remain competitive in obtaining sponsored agreements for the University. • One center offered some users rates below the scheduled billing rates. • Some centers expensed equipment during the year of purchase.
10/26/94	Selected Universities		HHS OIG	<p>Audit objective – to determine whether graduate student compensation charged to federally sponsored research was reasonable. Finding – Universities were not acting prudently considering their responsibilities to the Government and the public at large. Three of the 4 universities paid graduate students more than postdoctoral associates who had already completed graduate studies and obtained a Ph.D. OIG stated that they believe that it is unreasonable to pay a less experienced individual more to perform similar services.</p>
01/12/94	Review of service centers at 12 Universities		HHS OIG	<p>Summary Report of Audits of Recharge Centers at 12 Universities - Findings</p> <ul style="list-style-type: none"> • billing rates were not adjusted for accumulated surplus and deficit fund balances; • included duplicate or unallowable costs in the

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				<p>calculation of billing rates;</p> <ul style="list-style-type: none"> • included recharge costs in the calculation of indirect costs rates; • used funds of recharge center account for unrelated purposes; • billed some users at reduced rates.
04/23/93	261 Schools		HHS OIG	<p>Internal Indirect Cost Reviews Performed by Colleges & Universities – “Self Scrubs”</p> <p>Examples of unallowable costs disclosed through the scrubs,</p> <ul style="list-style-type: none"> • Entertainment related costs including alcohol, meals, catering services, football brunches, and sporting event tickets. • Miscellaneous expenses including prizes, awards, parking fines, purchase of rare books, greeting cards. • Housing and Personal Living Expenses including cost of maintaining and furnishing the homes of schools’ presidents. • Student Activity costs such as busing, graduation exercises and student administration. • Other areas include advertising, public relations, fund raising and investment management, dues and memberships, trustees and alumni activities, lobbying and unallowable travel.
Other Audits to Note				<p>City Federal funds to Washington D.C. flowing to non-profit</p>