

# Office of Inspector General

2021 Update



September 2021

# PRESENTERS

- Nicholas Halko, CPA, CFE, CGMA – Assistant Regional Inspector General
- Steven DeGross, CPA, CGFM, CFE – Senior Auditor
- Caren Robert – Senior Auditor

# Agenda

- **Recent Audit: The National Institutes of Health Has Controls to Mitigate the Risk That Grantees Receive Duplicate Grant Funding**
- **OIG's Workplan**
- **Tips on How to Prevent False Claims and Fraud**

# NIH Has Controls to Mitigate the Risk That Grantees Receive Duplicate Grant Funding

Report Number: A-02-19-02002

Issued: March 2020

# Why OIG Did This Review

## Report in Brief

Date: March 2020  
Report No. A-02-19-02002

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES  
OFFICE OF INSPECTOR GENERAL



### Why OIG Did This Audit

This audit is part of a larger body of Congressionally directed work to conduct oversight of National Institutes of Health (NIH) grant programs and operations. OIG was directed to examine NIH's oversight of its grantees' compliance with NIH policies, including NIH efforts to ensure the integrity of its grant application and selection processes.

Our objective was to determine whether NIH's internal controls were effective in ensuring that grantees did not receive duplicate NIH grant funding.

### How OIG Did This Audit

We held discussions with NIH officials and reviewed NIH's policies and procedures for identifying duplicate grant funding. In addition, from a sampling frame of 51,168 research grants active during our October 2017 through September 2018 audit period, totaling \$26.3 billion, we selected a nonstatistical sample of 116 grants totaling \$33.1 million.

For each sampled grant, we used text recognition software to identify similar grants. We then reviewed the grant documentation of each similar grant to determine if grantees received duplicate NIH grant funding.

### The National Institutes of Health Has Controls to Mitigate the Risk That Grantees Receive Duplicate Grant Funding

#### What OIG Found

NIH's internal controls were effective in ensuring that grantees did not receive duplicate funding. Specifically, the 116 grants in our sample did not duplicate other grant activities funded by NIH during our audit period.

NIH receives approximately 80,000 applications for grant funding each year. NIH checks all applications to identify instances of duplication. If duplication is discovered during the application phase, NIH resolves the overlap prior to awarding funds through communication with the applicant institution to ensure that the duplication is removed by adjusting the research plan, budget, or commitment of personnel, as necessary.

After it awards grants, NIH conducts post-award monitoring using data mining technology to identify awards with potential duplication. If similar awards are identified, subject matter experts review them to determine if there is any duplication. If actual duplication is identified, the duplicate award will be terminated and the identified duplicate funding will be returned to NIH.

#### What OIG Recommends

This report contains no recommendations.

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The full report can be found at <https://oig.hhs.gov/oas/reports/region2/21902002.asp>.





# OIG's Objective

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# NIH' Comments

- reviewed the grant application, scope of work, financial support disclosure, deliverables, etc., of each similar grant to determine if grantees received duplicate NIH grant funding;<sup>16</sup> and
- discussed the results of our audit with NIH officials.

We provided NIH with a draft audit report on February 18, 2020. NIH elected not to provide written comments.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We provided NIH with a draft audit report on February 18, 2020. NIH elected not to provide written comments.

<sup>16</sup> Funding for a sampled grant was considered duplicative if scientific, budgetary, or commitment overlap occurred.



# Related Reports

- **The National Institutes of Health Should Improve Its Stewardship and Accountability Over Hardware and Software Assets 09-10-2020 | A-18-19-06004**
- **The National Cancer Institute Needs To Strengthen Procedures in Its Pre-Award Process To Assess Risk for Higher Risk Applicants 06-01-2020 | A-03-19-03004**
- **The National Eye Institute Generally Had Adequate Procedures To Assess an Applicant's Risk During the Pre-Award Process 05-22-2020 | A-05-19-00017**



# COVID-19

# Appropriations

(As of May 31, 2021)

## **Government Wide:**

- Total Budgetary Resources: \$4.5 Trillion
- Total Obligations: \$3.5 Trillion
- Total Outlays: \$3.0 Trillion

## **Department of Health and Human Services:**

- Total Budgetary Resources: \$484 Billion
- Total Obligations: \$329 Billion
- Total Outlays: \$170.6 Billion

Data Source: [USASpending.gov](https://www.usaspending.gov) as of May 31, 2021



# Obligations of COVID-19 Funding Awarded to Higher Education

- Total Obligations in 2021:
- At Least \$66 Billion

# COVID-19 Workplan

- Audit of CARES Act Provider Relief Funds – Payments to Health Care Providers That Applied for General Distribution (OAS)
- Use of Telehealth to Provide Behavioral Health Services in Medicaid Managed Care (OEI)
- Audit of Health Resources and Services Administration’s COVID-19 Uninsured Program (OAS)

# OIG Workplan

- Review of Institutions of Higher Education Grantees Receiving National Institutes of Health Awards (OAS)
- NIH Oversight of Foreign Grant Recipients' Compliance With Audit Requirements (OAS)
- National Institutes of Health's Use of Single Audit Requirements To Enhance Program Integrity (OEI)

# Tips on How to Prevent False Claims and Fraud





# Tip #1

Make sure all policies and procedures are available and reviewed by all staff annually.

## Tip #2

Obtain written approval for any pre-award costs. Verbal approval will not be considered sufficient during an audit.

# Tip #3

When putting together budgets, make sure only allowable costs are included, in accordance with OMB/HHS requirements and any special terms and conditions of the award.

## Tip #4

Remember, if unallowable costs are “buried” in the award and subsequently approved by the awarding agency and charged to the project, this **DOES NOT** make the costs automatically allowable.



# Tip #5

Apply the correct fringe benefit and indirect cost rates to the project, paying special attention to on/off campus rates.

# Tip #6

Whatever time and effort reporting system is used, make sure it is consistent and that Pls ensure staff are aware of the projects they are working on and the time and effort being charged.

# Tip #7

Make sure that PIs are charging their own time properly and accounting for any cost sharing in accordance with the OMB/HHS requirements and the terms and conditions of the award.

# Tip #8

Make sure NIH salary caps are properly adhered to and that fringe benefits and indirect costs are applied only to the capped amount.

# Tip #9

Absent special circumstances such as a Major Project, ensure that departmental administrative costs are not charged directly to the project.

# Tip #10

If a PI is planning to use consultants on a project, special care should be taken to ensure that costs are reasonable and there are no conflicts of interest present.

# Tip #11

Review travel costs for necessity, reasonableness, and adherence to policy.

# Tip #12

Pay close attention to excessive costs charged to the beginning of a project as this could indicate a cost overrun on another project that is being buried in the new one.



## Tip #13

Pay close attention to excessive costs charged to the end of a project as this could indicate a spend down of funds that is not benefiting the project.

## Tip #14

Ensure all costs are allocable to the applicable grant.

## Tip #15

Monitor sub-recipients: Prime recipients are responsible for all grant funds, even those claimed under a subgrant.

Questions?

