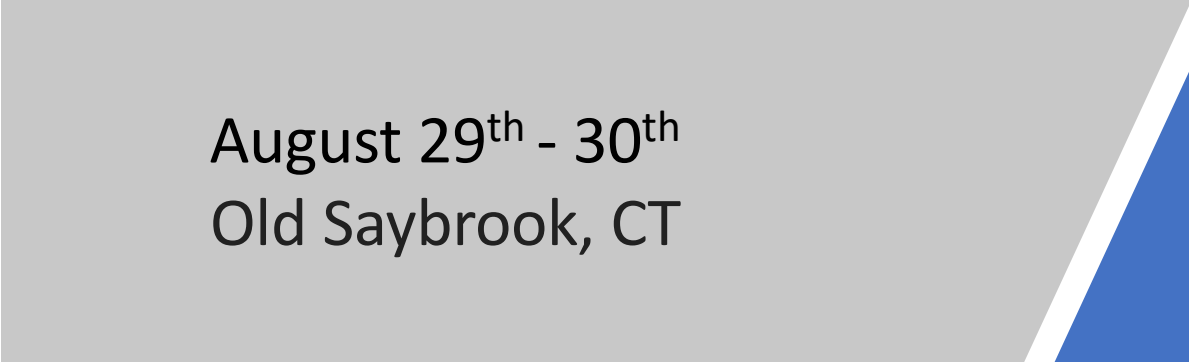




NECA Conference 2023



August 29th - 30th
Old Saybrook, CT



Institutional Payments: Evolution and Landscape

Justin Pituch, Senior Associate, Glenbrook Partners

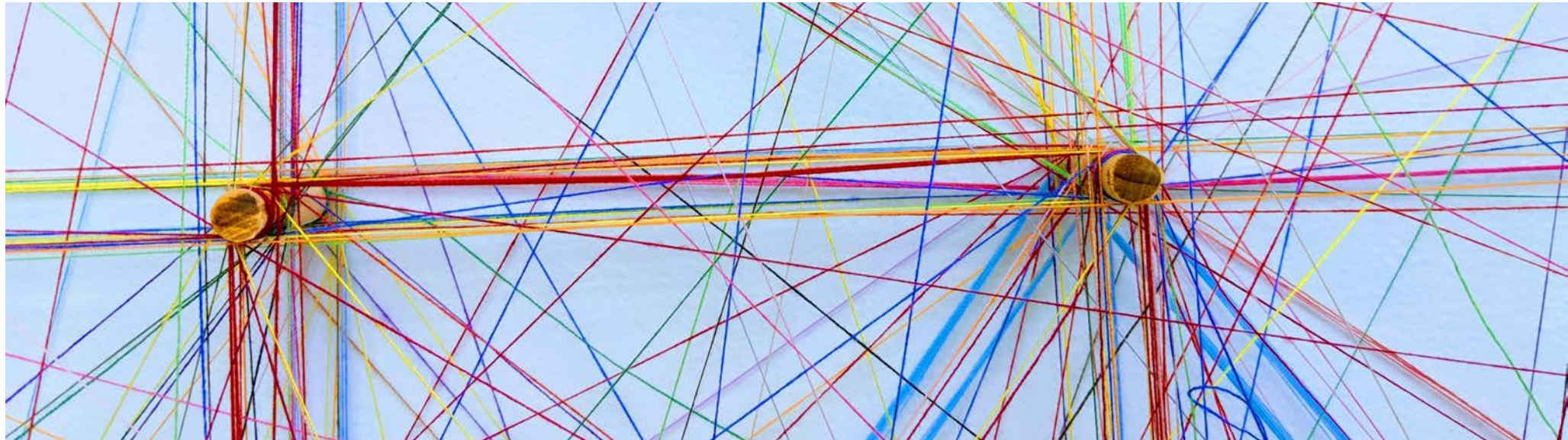
Kelli Fager, Principal, Huron Consulting Group

Jana T. Blick, CPA, Senior Director of Research Finance, Vanderbilt University

Tuesday, Aug 29th

8:45 am – 9:45 am

Institutional Payments Innovation



NECA 2023

Glenbrook Partners, Huron Consulting Group, and Vanderbilt University

About the presenters



Kelli Fager
Principal

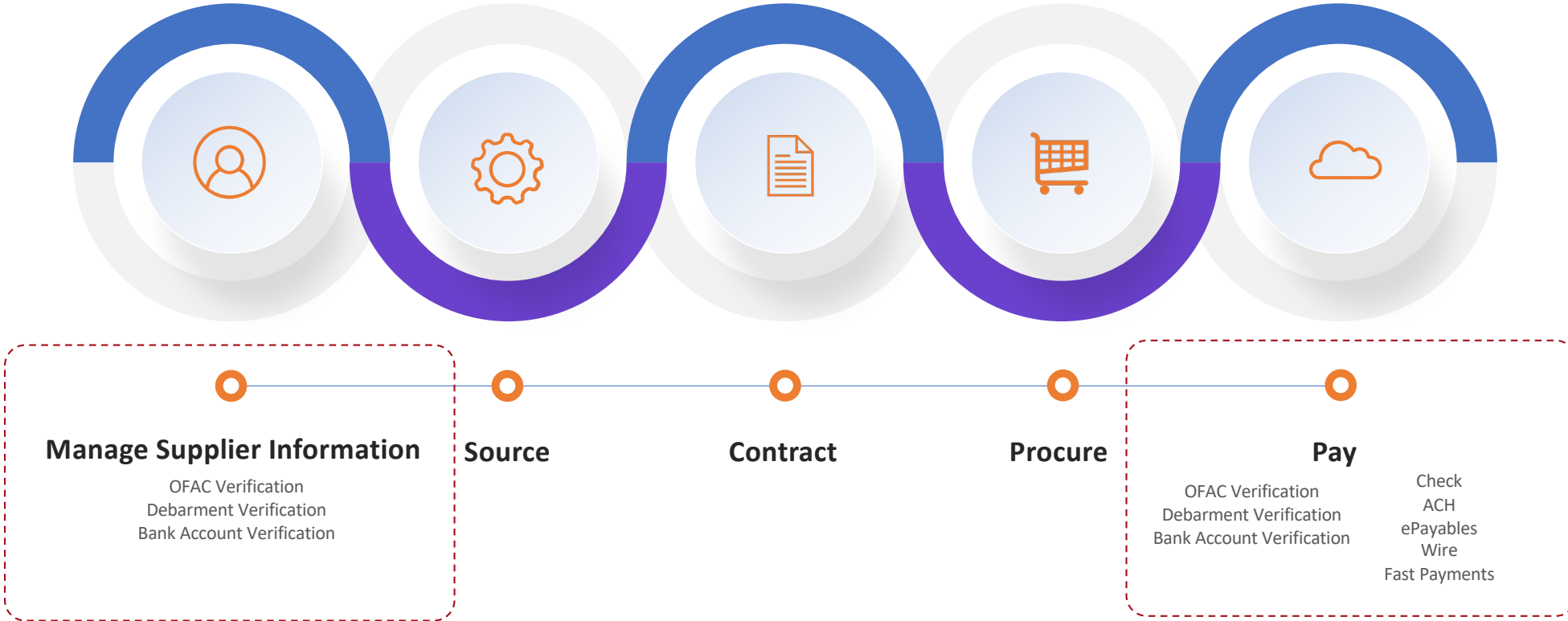


Jana Blick
Senior Director of Research Finance

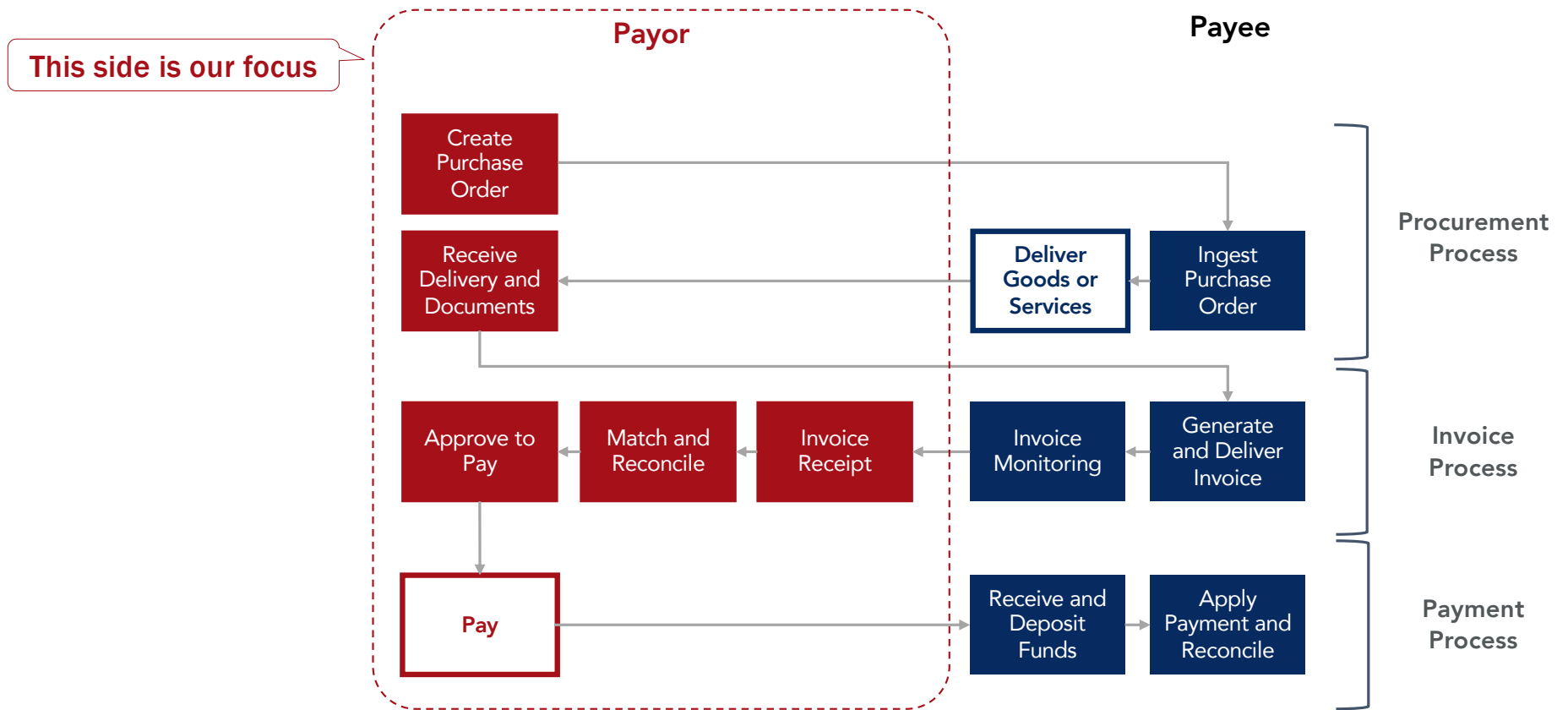


Justin Pituch
Senior Associate

Source-to-Pay Overview

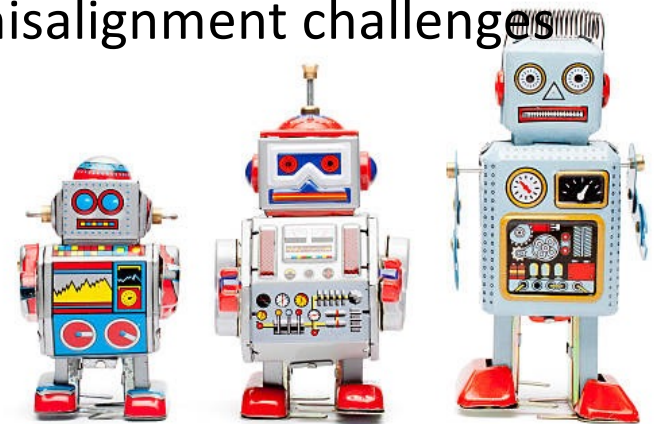


How institutional payments work



Institutions use a variety of different tools to make payments

- Workflow automation is becoming increasingly common in accounts payable solutions
- For example, tools can automatically kick off approval and payment processes based on invoices received from suppliers
- Machine learning tools can help rectify data misalignment challenges
- Automation can reduce time needed to perform accounts payable activities



Institutions pay their partners in a variety of different ways

Check

Wire

ACH

Card

**Fast
Payments**



Check payments are slow and costly

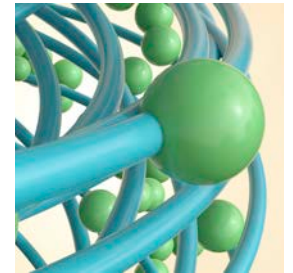
- Check payments are expensive with a median cost of \$2-4 per payment: organizations must budget for printing and mailing checks
- Checks are also slow: the timing of payment depends on the mail system and, critically, when your payee cashes the check
- But checks are also common: 86% of organizations use checks to make outgoing payments
- While digitization has limited the number of payments made by check, AFP also estimates that a third of business-to-business payments are still made by check (even after the pandemic!)

Cost and Usage Data Source: 2022 AFP Payments Cost Benchmarking Survey

8/29/23

NECA 2023 | Glenbrook Partners, Huron Consulting Group, and
Vanderbilt University

Wire payments are fast, costly, and (sometimes) mysterious



- In situations where funds must be disbursed immediately, many organizations rely on wires, bank-to-bank payment instructions initiated by financial institutions
- Wires are costly compared to other payment types with a median cost of \$10-15 per item
- Wires can sometimes create confusion for institutions
 - Wires can end up going to the wrong place as a result of miskeying an account number
 - Wires also have limited room to include a message about what the payment is for

Cost Data Source: 2022 AFP Payments Cost Benchmarking Survey

8/29/23

NECA 2023 | Glenbrook Partners, Huron Consulting Group, and
Vanderbilt University

10

ACH payments are (generally) slow but highly cost effective



- The ACH system is the low-cost workhorse of digital account-to-account payment methods in the United States, with a median cost of between \$0.25 and \$0.50 to senders
- You likely use the ACH system to pay bills and to receive your payroll payments
- ACH payments are batch based and do not clear in real time; there is a lag between payment and settlement
- Standard ACH payments can take multiple days to settle, but a relatively new Same Day ACH option is gaining traction

Card payments come in different flavors

P

Purchasing Card

Cards issued to specific departments for everyday spend (e.g., for office supplies)

T&E

Travel and Expense Card

Cards used by employees when traveling, used for hotels and other expenses

V

Virtual Card

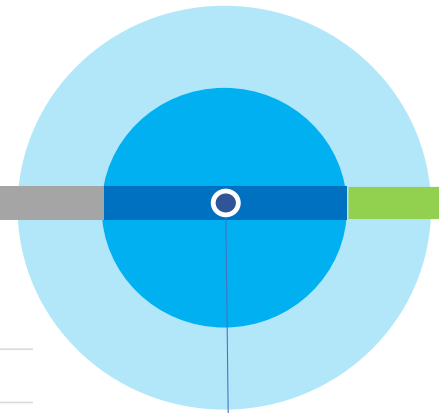
Single use cards created in AP tools to make purchases, supplanting either p-cards or other non-card payment methods

Across these different card types, payors generally receive a rebate based on a percentage of their spend; however, the cost of card acceptance is high for payees

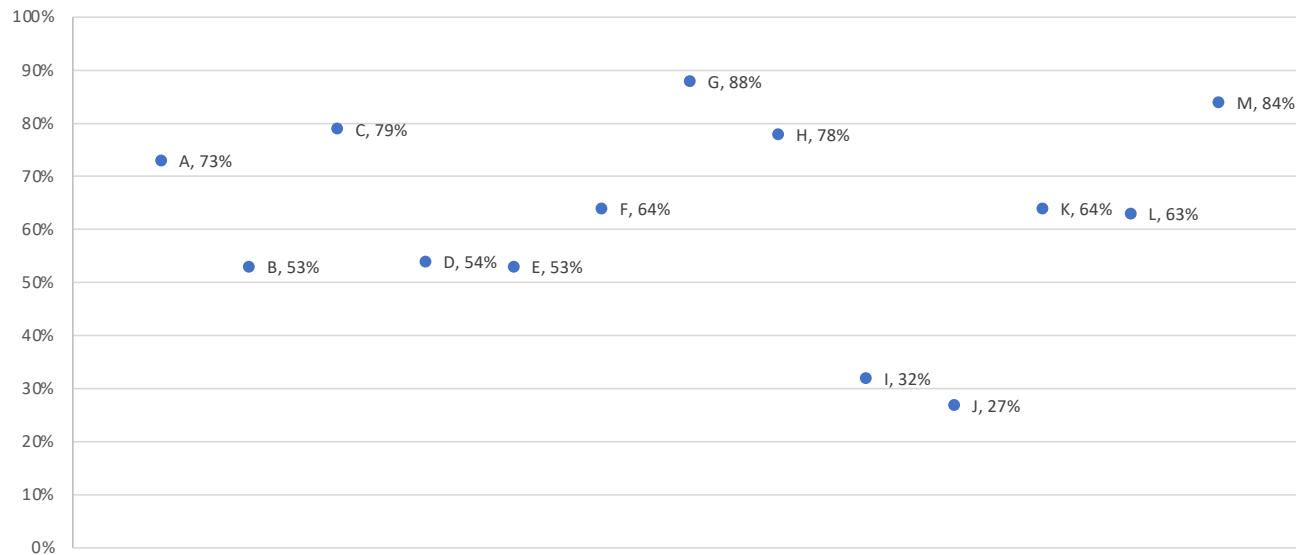
“Fast payments” are gaining adoption

- You or your institution may use Zelle to make payments; this is a type of “fast payment”
- Other fast payment systems include RTP and FedNow
- These payment methods are defined by their near-instant settlement speed, 24/7 availability, irrevocability, and support for rich remittance information

University Benchmarks



Electronic Payment Percentage by School



This data set represents electronic payment as ACH, Virtual Cards (i.e. ePayables) and Fast Payments.

Higher Education Use Cases



01

CASH
Human Subject Payments

WIRE
International Payments

04



02

CHECK
Utility Payments
Memberships

VIRTUAL CARD
Commercial Suppliers

05



03

ACH
Commercial Suppliers
Individuals

FAST PAYMENT
Visiting Faculty Reimbursements
Student Athlete Reimbursements

06



Q&A







Audit Resolution: Window to Effective Oversight

Charlotte D. Grant-Cobb, Lead Analyst, Resolution and Advanced Monitoring Branch (RAM)
Liz DeHart, Cost Analyst, Resolution and Advanced Monitoring Branch (RAM)

Tuesday, Aug 29th
11:00 am - 12:00 pm

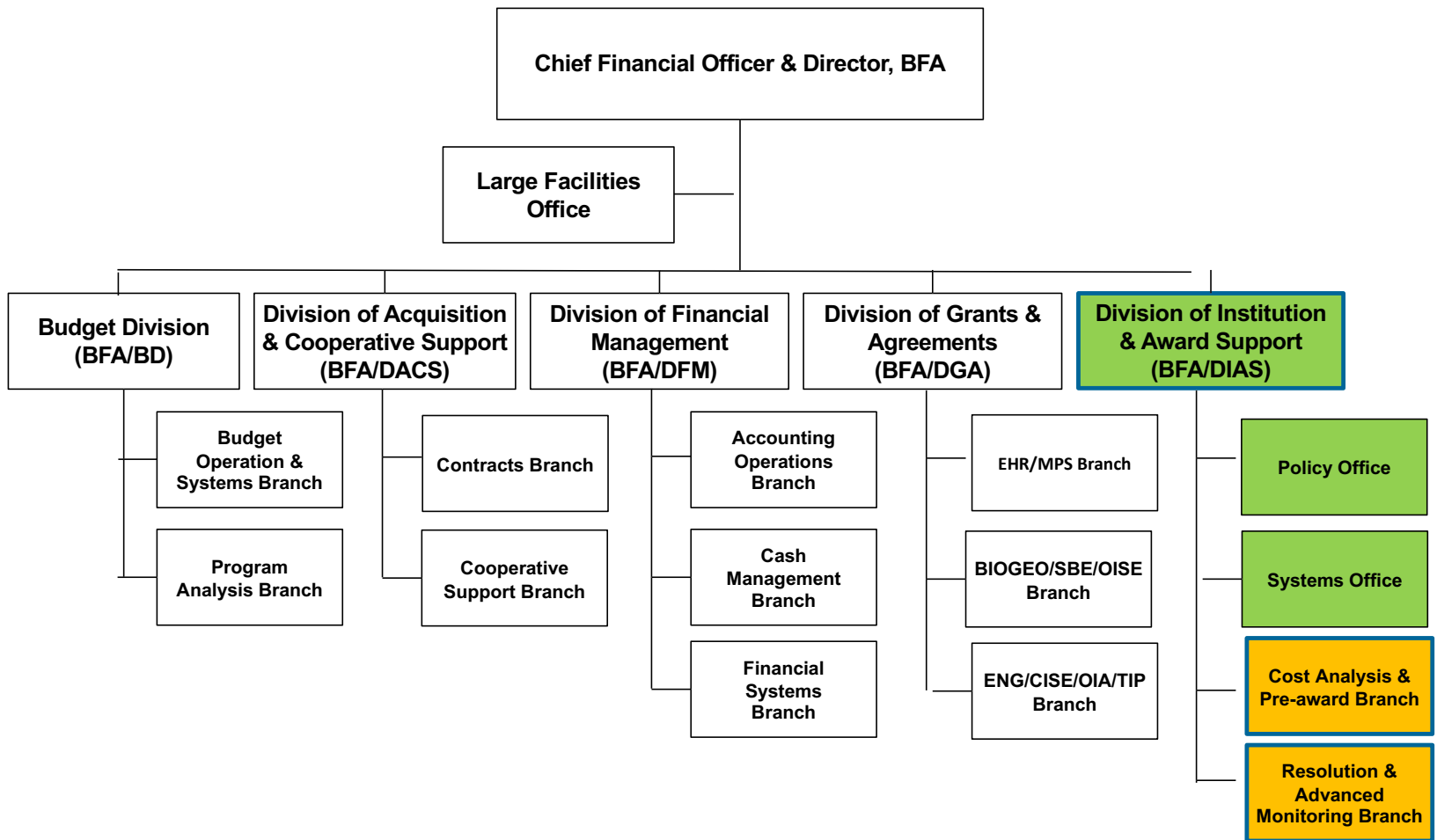
Audit Resolution: Window to Effective Oversight

NATIONAL SCIENCE FOUNDATION

Charlotte D. Grant-Cobb
Lead Analyst, Audit Resolution
Division of Institution and Award Support
Resolution and Advanced Monitoring Branch
Email: cgrantco@nsf.gov

Liz DeHart
Grant & Contract Cost Analyst
Division of Institution and Award Support
Resolution and Advanced Monitoring Branch
Email: edehart@nsf.gov





NSF's Division of Institution and Award Support (DIAS)

DIAS plays a key role in the oversight of NSF investments. DIAS staff conducts post-award activities including advanced monitoring and audit resolution. DIAS staff also provide expert assistance in matters related to NSF policies and procedures, business assistance to awardee organizations, and advice on issues of federal compliance for financial assistance awards.

Resolution & Advanced Monitoring (RAM) Branch: responsible for compliance with federal requirements for audit resolution and follow-up, advanced monitoring, as well as allowance of major expenditure adjustments to financially closed awards.



Focus

- Spotlight challenges to effective oversight and internal control mechanisms identified through NSF's Audit Resolution Process



CHALLENGES TO EFFECTIVE OVERSIGHT

Hybrid work environments, shrinking budgets and more outsourcing of services may challenge traditional oversight mechanisms.

Managing portfolio composition, new partners and evolving research targets may stretch already limited resources.

SOLUTIONS FOR EFFECTIVE OVERSIGHT

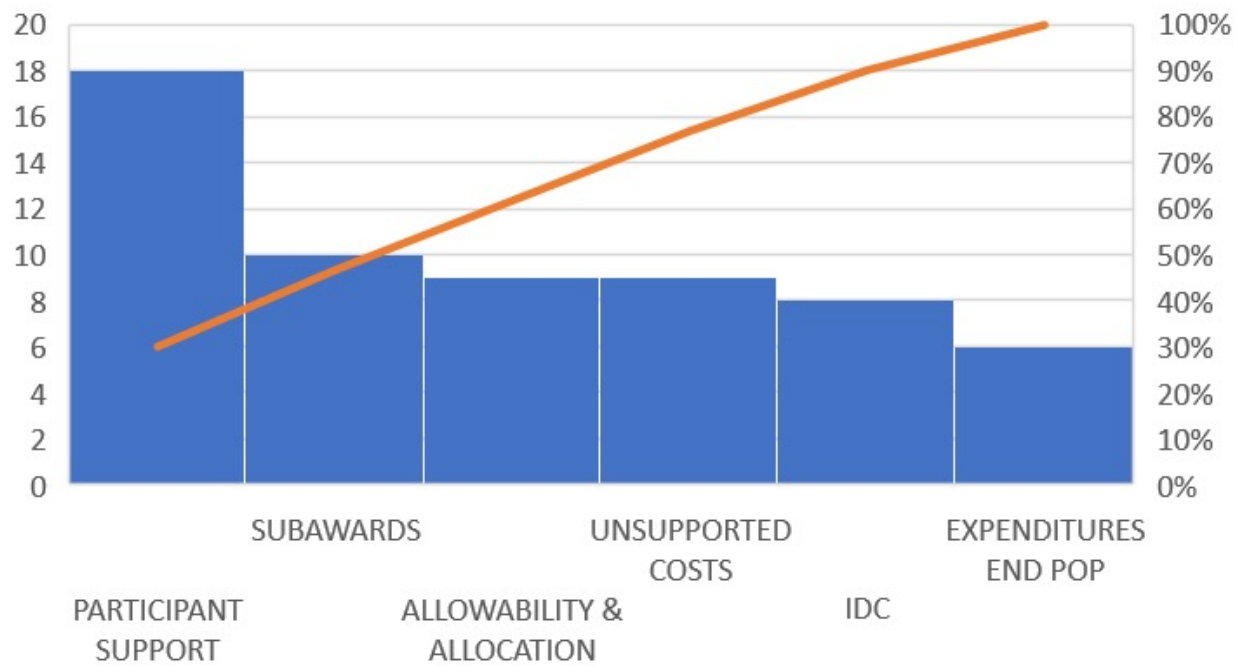
A blend of oversight processes may be needed to ensure that key risks are identified, monitored and mitigated at key decision making stages.

Assertively monitoring and refine business processes and systems to assure expected results.



Focus

FREQUENT AUDIT FINDINGS



FREQUENT AUDIT FINDINGS

- Participant Support Costs (2 CFR 200.456)
- Subawards & Subrecipient assessment monitoring (2 CFR 200.331-334)
- Allowability & Allocation of Costs – (2 CFR 200.402-405, w/emphasis on: 405(d)
If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then, notwithstanding paragraph (c) of this section, the costs may be allocated or transferred to benefitted projects on any reasonable [and] documented basis.
- Promotional Items (2 CFR 200.421)
- Application of Indirect Cost Rates [2 CFR 200, Appx II (IHEs) & Appx III (NPs)]
- Purchases Near or After POP (See Allocable Costs above)
- Unsupported Costs [2 CFR 200. 302(b)(2)]



Oversight & Stewardship

- Ensure business systems accurately identify and categorize PSC
 - Fringe benefit rates cannot be applied to PSC, but may be automatically applied when processed through University payroll subledger.
 - Indirect costs also cannot be applied to PSC
 - Appropriately charge travel for participants to accounts that are not included in the modified total direct cost base.
- Avoid Pitfalls when accounting for PSC
 - Incentives/prizes, memorabilia, or gifts cannot be included in PSC, unless approved at the proposal stage and approved through NSF through formal channels in the post award stage.
 - Written Prior Approval in Post Award must be submitted through Research.gov and approval documented in an amendment (Re-budgeting out of PSC, modifications to PSC) to the grant agreement.
 - Conference/workshop support costs such as facility rental, building services, video recording, audio transcription, program printing, catering, supplies, or media equipment rental cannot be included in PSC.



Oversight & Stewardship

- Adhere to Cost Principles
 - Document the allocation methodology **prior to, or concurrently** with, the costs being incurred and allocated. **Include** the rationale for using the selected basis and link the relative benefit received by each project or objective.
 - Ensure the accuracy of general ledger; record transactions in correct budget categories; minimize manual journal entries and cost transfers.
 - Maintain sufficient justification for all journal entries or cost transfers.
 - Document basis for allocation, even when charging expenses exclusively to NSF project.
 - Retain the documentation in accordance with NSF terms, federal regulations and University records retention policy
 - Document the process for updating the allocation methodology, including the frequency of review, timeline for revision, and approval/review hierarchy to assure stakeholders that allowable costs are allocated based on relative benefit to all benefiting projects



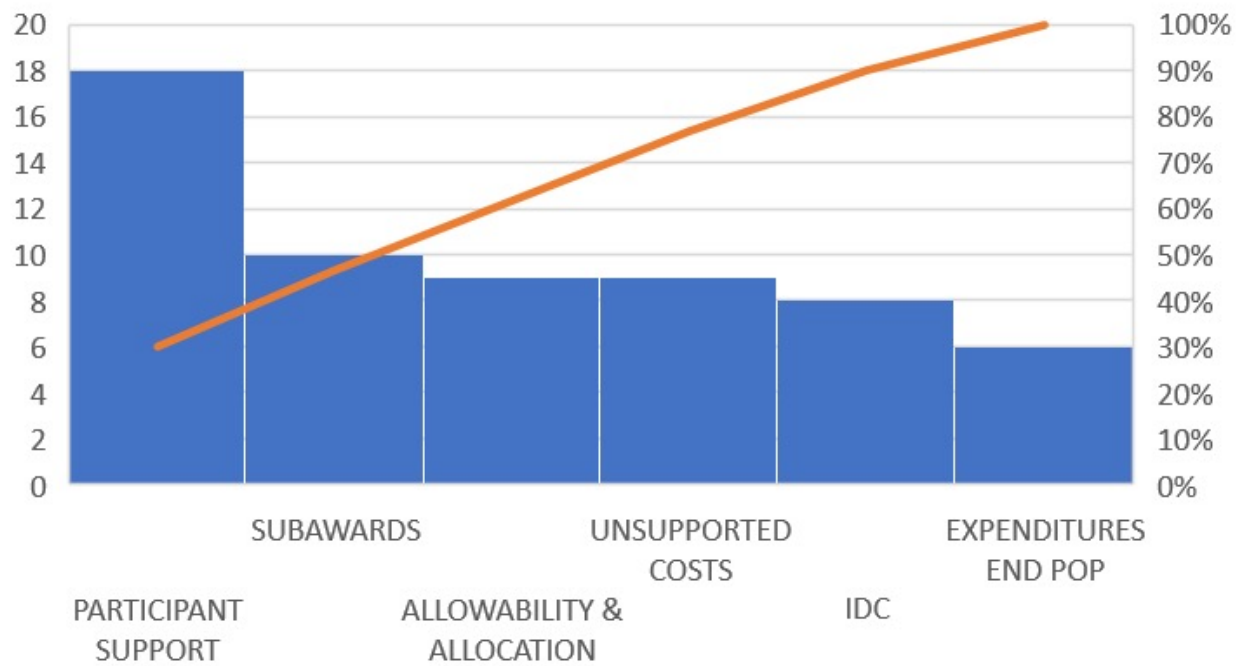
Oversight & Stewardship

- Ensure Subawards & Subrecipient assessment monitoring is conducted throughout the life of the subaward.
 - Regularly validate the risk assessment process.
 - Regularly monitor the activities of subrecipients as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.
 - Monitoring activities should also ensure timely closeout of the subaward in alignment to appropriate terms and conditions and federal record retention period.
 - Ensure the monitoring plan includes a process for reviewing required financial and performance reports.
 - Monitoring activities should ensure that the subrecipient is accounting for costs appropriately and for maintaining records, including supporting documentation, adequate to demonstrate that costs claimed have been incurred, are allocable to the award and comply with applicable cost principles.
 - NSF may disallow all or part of a claimed cost that is inadequately supported by the subrecipient.
 - The subrecipient may apply an approved federally recognized indirect cost rate, or, if no such rate exists, either a rate negotiated between the Prime and the subrecipient or a de minimis indirect cost rate.



Focus

FREQUENT AUDIT FINDINGS





Thank You





HHS Cost Allocation Services (CAS) Update

Mike Leonard, College and University National Specialist/Branch Chief

Ryan McCarthy, Senior Cost Accountant, DHHS, CAS

Tuesday, Aug 29th

1:00 pm - 2:00 pm



Program Support Center

MANAGING
THE BUSINESS OF
GOVERNMENT™

www.psc.gov

Dept. of Health & Human Services - Program Support Center, Cost Allocation Services (CAS)

Presenters: Michael Leonard, C&U National Specialist/Branch Chief
Ryan McCarthy, Senior Cost Accountant

NECA

Old Saybrook, CT

August 29, 2023

U.S. Department of Health and Human Services

INDEX

- **CAS Organizational Update**
- **Trends & Issues**
- **Hot Topic Negotiation Issue – VUCS & Space Adjustments**



Mission Statement

Cost Allocation Services (CAS) is committed to providing the highest level of indirect cost rate and cost allocation plan negotiation services to Federal Departments and Agencies where HHS is designated by OMB as the cognizant Federal Agency. We will be the Agency of choice for providing technical guidance and assistance regarding the development of indirect cost rates and cost allocation plans. Our professional staff is recognized for their technical knowledge and professional expertise. Although CAS represents the Federal Government during negotiations and has a fiduciary responsibility to protect the public funds, we will be fair, reasonable and equitable when communicating and negotiating with the grantee community.

EXTERNAL CUSTOMERS (GRANTEES) Where HHS Has Cognizance

TOTAL NUMBER OF GRANTEE ORGANIZATIONS = over 7,000

- State, Local & Tribes Governments (300)
- Colleges & Universities (C&U) (2,000) (rates negotiated for over 85% of the C&U's nationally) (overhead reimbursements for C&U alone are over \$8 billion per year)
- Hospitals (250)
- Not-For-Profit organizations (4,000)
- Non-HHS Grantees (585)

FY 2022 Accomplishments

2,158 TOTAL Rate Agreements issued

Rates included in the rate agreement are for use by *all* federal awarding agencies to reimburse overhead costs

\$52.8 MILLION cash recoveries

Funds recovered by CAS for over billing the federal government and improper payments

\$1.3 BILLION cost avoidance

Proposed Rate = 25%

Adjustments / Negotiated Rate = 20%
5% Reduction in the Proposed Rate =
Cost Avoidance

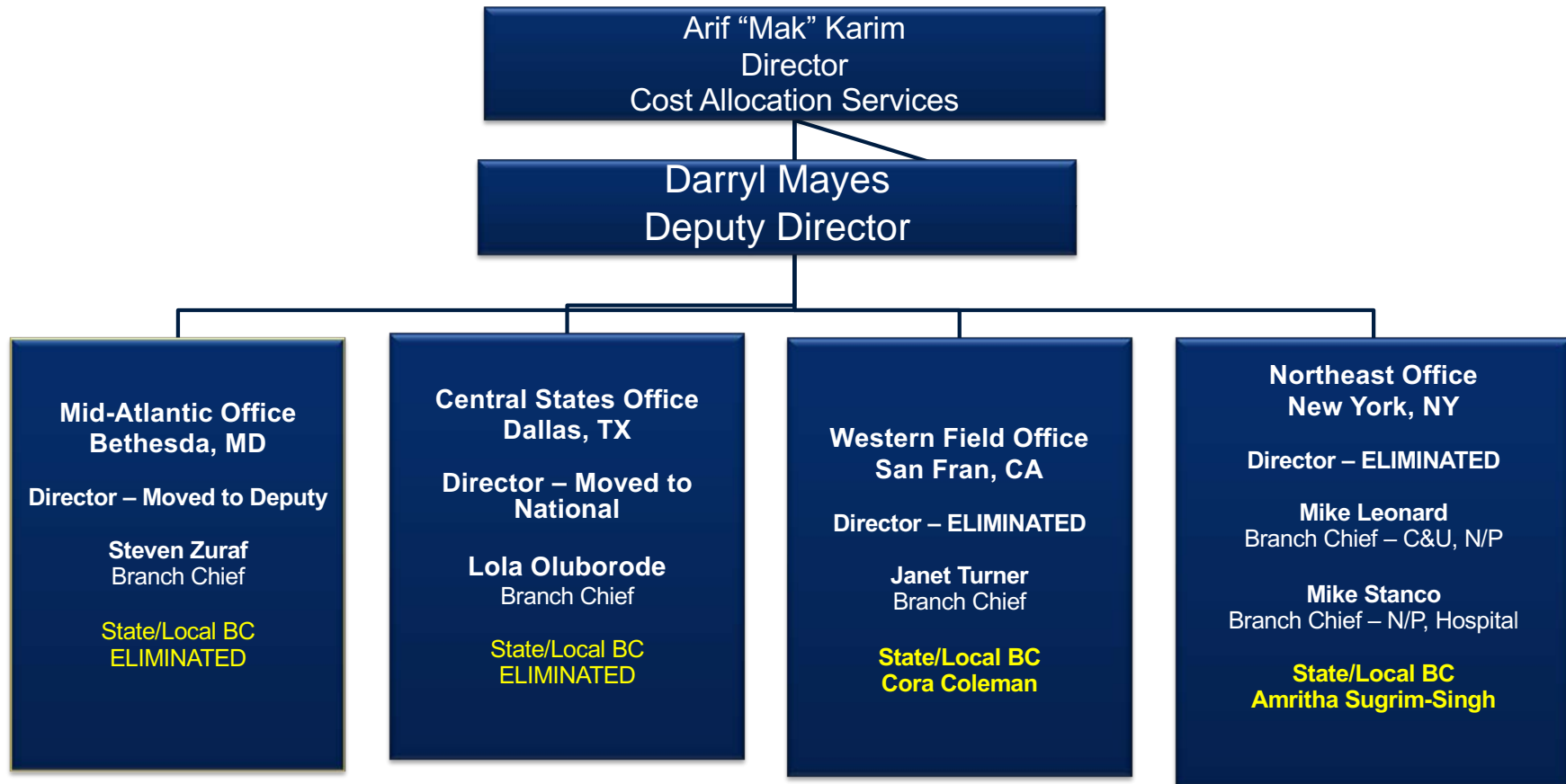
**Federal Base Funds \$10 M x 5% =
Cost Avoidance**



CAS Accomplishments

Rate Agreement Update:

- *Cost Allocation Management Information System (CAMIS) has been decommissioned*
- *Awarding agencies do not currently have access to a Rate Agreement Distribution System (RADS)*
- *Signed Rate Agreements are provided to awarding agencies by the institution, or when requested by the awarding agency CAS will provide*
- *New CAS Workflow and Rate Agreement System anticipated by November 2023*
- *The new system will have a grantee portal and each grantee will have their own portal access*
- *Proposals and documentation will be submitted through the portal. Rate Agreements will be issued through the portal.*



CAS Staffing

As of:	Approved FTEs	Actual FTEs	Directors	Branch Chiefs	National Specialists	Admin.	# of Grantees
9/30/05	64	57	5	8	5	5	3,975
9/30/09	61	51	4	8	4	5	5,337
9/30/13	49	47	2	6	4	5	6,223
9/30/17	50.5	39.5	2	6	2	5	6,870
12/31/20	47	41	2	7	2 *	4	6,912
6/30/23	47	38	2	7	2 *	2	7,272

* Combined with Branch Chief positions

Remote Work due to COVID or the New Workplace

- The space for those who changed from exclusively working on-campus to now working over 50% of the time remotely needs to be evaluated. Can the space on-campus be decreased or shared with others who also work remotely?
- Space charged to the Federal government directly or indirectly should always be used efficiently. Significant excess space will not be allowed.
- Remote space should not be considered On-Campus
- If an Institution is significantly increasing their remote work, a Special Off-Campus rate may be considered which would include the use of remotely used equipment. Remote rent for space exclusively used for an award or project can be considered in this Special Off-Campus rate, however the use of someone's home, or space not exclusively used for remote work will not be considered

Rate Agreement: Treatment of Paid Absences

TREATMENT OF PAID ABSENCES:

Vacation, holiday, sick leave pay and other paid absences are included in salaries and wages and are claimed on grants, contracts and other agreements as part of the normal cost for salaries and wages.

Separate claims are not made for the cost of these paid absences.

Rate Agreement: Treatment of Paid Absences

- For vacation pay to be included in salaries and wages claimed on grants, contracts and other agreements as part of the normal cost for salaries and wages, there **MUST** be a vacation leave policy in place
- This applies to all employee categories **INCLUDING** Faculty

TRENDS IN RATE NEGOTIATIONS

- Direct Cost Bases have been skyrocketing!
- Why? Significant salary increases due to inflationary trends and a tight job market
- Over 60% of the direct cost base is made up of salaries & wages
- Salaries & wages in the pool are mostly under Admin (capped)
- Construction of new buildings has slowed considerably due to higher interest rates and less demand for building space
- **RESULT???????**

TRENDS IN RATE NEGOTIATIONS

- **RESULT???????**
- **Facility & Administrative (F&A) rates have been dropping significantly**
- Trend started in fiscal year 2021 proposals
- Recent rate negotiations have resulted in lower F&A rates and cash refunds for closed fiscal years
- Rate extensions are always case-by-case, however, many rate extensions might not be approved, or will be for shorter time periods

Treatment of Rebates & Credits

- In accordance with HHS' regulatory provisions at 45 CFR Part 75.406 – Applicable credits, recipients of HHS federal financial assistance are required to apply credits and rebates obtained under an HHS federal award by crediting the full amount of the credit and rebate “to the Federal award either as a cost reduction or cash refund, as appropriate.” Additionally, in accordance with 45 CFR Part 75.305(b)(5) – Payment, recipients “must disburse funds available from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash payments.”

Treatment of Rebates & Credits

- Federal awarding agencies require all applicable Federal awards and projects receive a credit for all Rebates & Credits applicable to each Federal award or project
- Working with CAS on submitting a cash refund for the Federal share of the Rebates & Credits will ONLY be used for the Federal share of rebates & credits that cannot be credited back to the Federal award or project because that award or project is already closed or untraceable. This calculation and refund may be done on an annual basis

Treatment of Rebates & Credits

- It is the responsibility of the institution to have a mechanism in place to credit back rebates & credits to the applicable Federal awards and projects
- Federal awarding agencies consider the credit back to the Federal award or project for applicable rebates and credits to be a requirement when accepting Federal funding

Treatment of Rebates & Credits

- Most common rebates that are untraceable to actual awards are large P-Card or Single Use Account purchases
- The Federal rebates/credits may not be offset by institutional costs for running the purchasing department or running the program UNLESS those costs are incremental and new purely for the purpose of calculating refunds to the Federal government AND these costs have never been included in an F&A cost pool
- Those incremental costs are not common and must be exclusive to calculating Federal refunds; and should be minimal if it occurs

Treatment of Rebates & Credits - Example

FY22 SUA PCard Rebate Credit on Federal Awards Summary

	<u>FY22 Rebate Credit</u>	
SUA Program	\$ 229,083	
Pcard Program	\$ 86,564	
Subtotal of Calculated Rebate Credit	\$ 315,647	



Treatment of Rebates & Credits - Example

SUA Rebate Review						
For the rebate period 6/1/2021 - 5/31/2022						
	Payment Reference	Cat1 - JP Morgan	Standard - JP Morgan	Rebate Rate	Total FD02	FD02RebateAllocation
	6693728		161,131.47	2.145%	100.00%	3,456.27
	6391797		136,725.33	2.145%	100.00%	2,932.76
	6907155		132,054.75	2.145%	100.00%	2,832.57
	6673336	183,991.50		1.105%	100.00%	2,033.11
	6537539		205,137.20	2.145%	40.56%	1,784.64
	6800632		73,728.53	2.145%	96.94%	1,533.04
	6025413		82,336.73	2.145%	81.92%	1,446.83
	6161398		71,034.99	2.145%	90.76%	1,382.89
	5751435		61,534.90	2.145%	100.00%	1,319.92
	6821048	108,276.29		1.105%	100.00%	1,196.45
	6095158		85,206.64	2.145%	57.48%	1,050.49
						229,083.16

Space Adjustments

- **Principal Investigator Salaries**

- Yearly Salary split between Research & Instruction and submitted to CAS by C&U during proposal review
- Site Visit conducted – specific information collected directly from PI
 - Effort as it pertains to research
 - Effort compared to Salary information
- Adjustment based on comparing data to PI interview
 - WHY IS THERE SUCH A LARGE PI ADJUSTMENT?????

Space Adjustments

- **How to fix**
 - Research the PI salaries and why there is such a large allocation of salary towards non-research (IDR - Instruction/Departmental Research)
 - Make adjustment before proposal submission
 - PI considered user of lab space – not just user of own office

Space Adjustments

- **Example**

- PI salary - \$300k
- \$75K charged to Federal awards and in Research base
- \$225K in the Instruction/Departmental Research (IDR) base
- PI spends 80% of academic year doing Research, and 100% of summer doing Research, average of 85% of full year doing Research
- PI has two funded researchers in the lab space and one part-time unfunded user
- Space classified as 90% Research
- HOW? Because the PI salary in the IDR base was not included in the space allocation

Hot Topics

COST SHARING - VUCS

- CAS is still finding institutions have been underestimating their cost sharing which is underestimating the direct cost base
- Volunteer Uncommitted Cost Sharing (VUCS) should NOT be used as a reason for underestimating the cost sharing in the direct cost base

Hot Topics

COST SHARING - VUCS

- On January 5, 2001, OMB issued M-01-06 to clarify VUCS
- VUCS is defined as university faculty (including senior researchers) effort that is over and above that which is committed for in a sponsored agreement
- Most faculty organized research effort is either charged directly to the sponsor, or is considered mandatory or voluntary committed cost sharing (i.e., cost sharing specifically pledged in the proposal's budget or award) on the part of the recipient

Hot Topics

COST SHARING - VUCS

- **Committed faculty effort shall not be excluded from the organized research base by declaring it to be voluntary uncommitted cost sharing**
- **For example, a principle investigator (PI) who commits 75% of their salary as effort to sponsored federal research projects while only requesting 25% salary reimbursement has committed to cost sharing, and therefore 75% of the PI salary should be included in the organized research base**

Hot Topics

COST SHARING - VUCS

- **VUCS excludes effort devoted to a project that was originally committed by the faculty, including senior researchers, or is a result of a shift in normal workload**
- **So, what is VUCS? That additional time that a faculty member or senior researcher may find during the year that they use to perform research, over and above their normal commitment, perhaps due to a lighter teaching commitment one year**
- **For example, a faculty member commits 50% of their salary as research and 50% to instruction, but during the academic year their teaching commitment is reduced by 2 hours per week. That might result in under 5% of the faculty salary being identified as VUCS (under 5% because the academic year is only $\frac{3}{4}$ of the full year)**

Hot Topics

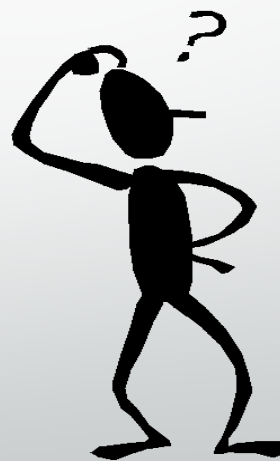
COST SHARING - VUCS

RED FLAGS for CAS

- Cost sharing amount included in the organized research base is below 10% of the On-Campus Federal (full-rate) base
- Cost sharing amount included in the organized research base is below 5% of the total organized research base



QUESTIONS





Department of Health and Human Services, Office of Inspector General (OIG) Update

Steven DeGroff, Senior Auditor, HHS-OIG-OAS

Tiffany Friguletto, Senior Auditor, HHS-OIG-OAS

Tuesday, Aug 29th

2:00 pm - 3:00 pm

Office of Inspector General

2023 Update



August 2023



PRESENTERS

- Steven DeGroff, CPA, CFE, CGFM – Senior Auditor
- Tiffany Friguletto, CPA, CFE – Senior Auditor

Agenda

- HHS-OIG Background
- Audit Highlight - Saint Louis University
- Other Recent OIG Work
- New OIG Workplan Items
- OIG Compliance Training Series for Recipients of Federal Awards

HHS-OIG Background

- The largest civilian Office of Inspector General (OIG), responsible for oversight of the Department of Health and Human Services' (HHS's) approximately \$2.7 trillion portfolio of programs.
- Approximately 1,650 auditors, investigators, and evaluators, supplemented by staff with expertise in law, technology, cybersecurity, data analytics, statistics, medicine, and more.

HHS-OIG Background

- OIG's mission is to provide objective oversight to promote the economy, efficiency, effectiveness, and integrity of HHS programs, as well as the health and welfare of the people they serve.

Inspector General Christi Grimm



- The Honorable Christi A. Grimm was sworn in as the sixth Inspector General of the U.S. Department of Health and Human Services (HHS) on February 22, 2022.
- Ms. Grimm began her career with OIG in 1999 as an evaluator in OIG's Office of Evaluation and Inspections and later served in a variety of management roles, including Chief of Staff and Deputy Inspector General for the Immediate Office.

Saint Louis University's Management of NIH Grant Awards Did Not Comply With All Federal Requirements but Complied With Financial Conflict of Interest Requirements

Report Number: A-07-20-05127

Issued: June 2023

OIG Update

Why OIG Did This Audit

Report in Brief

Date: June 2023
Report No. A-07-20-05127

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



Why OIG Did This Audit

Extramural research awards accounted for more than 84 percent of the \$45 billion that the National Institutes of Health (NIH) received in funding for Federal fiscal year 2022. Prior OIG work highlighted an increased need for transparency in research funding and identified several areas in which NIH could improve how it oversees the grants that it awards each year. This audit of Saint Louis University (the University) is part of a series of audits of institutions of higher education.

Our objectives were to determine whether the University: (1) managed NIH awards in accordance with Federal and award requirements and (2) had policies and procedures in place that were designed to meet Financial Conflict of Interest (FCOI) requirements for training and monitoring.

How OIG Did This Audit

Our audit covered costs totaling almost \$67 million associated with 793 NIH awards (managed in 500 award fund accounts) that the University received between January 1, 2017, and December 31, 2019.

We reviewed the University's policies and procedures to determine whether the University had controls in place, and we judgmentally selected 31 of the University's 500 award fund accounts, from which we judgmentally selected and reviewed 31 costs totaling \$426,443 that the University charged to the awards.

Saint Louis University's Management of NIH Grant Awards Did Not Comply With All Federal Requirements but Complied With Financial Conflict of Interest Requirements

What OIG Found

The University did not always manage NIH awards in accordance with Federal and award requirements. Specifically, of the 31 judgmentally selected costs totaling \$426,443 that we reviewed, we determined that 6 costs totaling \$42,578 did not comply with Federal and award requirements for allowability of costs. These errors occurred because the controls that the University had in place, to include policies and procedures, were inadequate to ensure that the University always managed its NIH awards in accordance with Federal and award requirements. For our second objective, we determined that the University had policies and procedures in place that were designed to meet FCOI requirements for training and monitoring of outside interest disclosures.

We also determined that the University's controls, including policies and procedures, were not always sufficient to ensure that it properly monitored subawards to identify possible investigator misconduct that may have impacted the conduct or performance of another NIH award. Of the 31 judgmentally selected costs we reviewed, 1 subrecipient cost was associated with possible subrecipient investigator misconduct in an unrelated NIH award not associated with the University.

What OIG Recommends and Saint Louis University Comments

We recommend that the University: (1) refund \$263 to NIH for unallowable travel costs; (2) ensure that it always manages NIH awards in accordance with Federal and award requirements, by strengthening procedures and controls; (3) enhance its existing controls by developing and implementing policies and procedures to ensure that either the internal audits conducted by its internal audit firm, the University's compliance department, or both, review costs that the University claims for its NIH awards; and (4) strengthen its controls, to include policies and procedures, to ensure that it properly monitors its subaward subrecipients.

The University concurred with all of our recommendations and described corrective actions it had taken or planned to take. Specifically, the University stated that it had refunded to NIH the full amount of the unallowable travel expenditure and that it had implemented a new automated financial system, restructuring of its grants accounting function, the updating of policy, and plans to provide additional training to staff.

Why OIG Did This Audit

Extramural research awards accounted for more than 84 percent of the \$45 billion that the National Institutes of Health (NIH) received in funding for Federal fiscal year 2022. Prior OIG work highlighted an increased need for transparency in research funding and identified several areas in which NIH could improve how it oversees the grants that it awards each year. This audit of Saint Louis University (the University) is part of a series of audits of institutions of higher education.



The full report can be found at <https://oig.hhs.gov/oas/reports/regio/772009127.asp>.

OIG's Objective

Report in Brief

Date: June 2023
Report No. A-07-20-05127

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



Why OIG Did This Audit

Extramural research awards accounted for more than 84 percent of the \$43 billion that the National Institutes of Health (NIH) received in funding for Federal fiscal year 2022. Prior OIG work highlighted an increased need for transparency in research funding and identified several areas in which NIH could improve how it oversees the grants that it awards each year. This audit of Saint Louis University (the University) is part of a series of audits of institutions of higher education.

Our objectives were to determine whether the University: (1) managed NIH awards in accordance with Federal and award requirements and (2) had policies and procedures in place that were designed to meet Financial Conflict of Interest (FCOI) requirements for training and monitoring.

How OIG Did This Audit

Our audit covered costs totaling almost \$67 million associated with 793 NIH awards (managed in 500 award fund accounts) that the University received between January 1, 2017, and December 31, 2019.

We reviewed the University's policies and procedures to determine whether the University had controls in place, and we judgmentally selected 3 of the University's 500 award fund accounts, from which we judgmentally selected and reviewed 31 costs totaling \$426,443 that the University charged to the awards.

Saint Louis University's Management of NIH Grant Awards Did Not Comply With All Federal Requirements but Complied With Financial Conflict of Interest Requirements

What OIG Found

The University did not always manage NIH awards in accordance with Federal and award requirements. Specifically, of the 31 judgmentally selected costs totaling \$426,443 that we reviewed, we determined that 6 costs totaling \$42,578 did not comply with Federal award requirements for allowability of costs. These errors occurred because the controls that the University had in place, to include policies and procedures, were inadequate to ensure that the University always managed its NIH awards in accordance with Federal and award requirements. For our second objective, we determined that the University had policies and procedures in place that were designed to meet FCOI requirements for training and monitoring of outside interest disclosures.

We also determined that the University's controls, including policies and procedures, were not always sufficient to ensure that it properly monitored subawards to identify possible investigator misconduct that may have impacted the conduct or performance of another NIH award. Of the 31 judgmentally selected costs we reviewed, 1 subrecipient cost was associated with possible subrecipient investigator misconduct in an unrelated NIH award not associated with the University.

What OIG Recommends and Saint Louis University Comments

We recommend that the University: (1) refund \$263 to NIH for unallowable travel costs; (2) ensure that it always manages NIH awards in accordance with Federal and award requirements, by strengthening procedures and controls; (3) enhance its existing controls by developing and implementing policies and procedures to ensure that either the internal audits conducted by its internal audit firm, the University's compliance department, or both, review costs that the University claims for its NIH awards; and (4) strengthen its controls, to include policies and procedures, to ensure that it properly monitors its subaward subrecipients.

The University concurred with all of our recommendations and described corrective actions it had taken or planned to take. Specifically, the University stated that it had refunded to NIH the full amount of the unallowable travel expenditure and that it had implemented a new automated financial system, restructuring of its grants accounting function, the updating of policy, and plans to provide additional training to staff.

Our objectives were to determine whether the University: (1) managed NIH awards in accordance with Federal and award requirements and (2) had policies and procedures in place that were designed to meet Financial Conflict of Interest (FCOI) requirements for training and monitoring.

The full report can be found at <https://oig.hhs.gov/oas/reports/reg/in7/72009127.asp>.



What OIG Found

Report in Brief

Date: June 2023
Report No. A-07-20-05127

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



Why OIG Did This Audit

Extramural research awards accounted for more than 84 percent of the \$43 billion that the National Institutes of Health (NIH) received in funding for Federal fiscal year 2022. Prior OIG work highlighted an increased need for transparency in research funding and identified several areas in which NIH could improve how it oversees the grants that it awards each year. This audit of Saint Louis University (the University) is part of a series of audits of institutions of higher education.

Our objectives were to determine whether the University: (1) managed NIH awards in accordance with Federal and award requirements and (2) had policies and procedures in place that were designed to meet Financial Conflict of Interest (FCOI) requirements for training and monitoring.

How OIG Did This Audit

Our audit covered costs totaling almost \$67 million associated with 793 NIH awards (managed in 300 award fund accounts) that the University received between January 1, 2017, and December 31, 2019.

We reviewed the University's policies and procedures to determine whether the University had controls in place, and we judgmentally selected 5 of the University's 300 award fund accounts, from which we judgmentally selected and reviewed 31 costs totaling \$426,443 that the University charged to the awards.

Saint Louis University's Management of NIH Grant Awards Did Not Comply With All Federal Requirements but Complied With Financial Conflict of Interest Requirements

What OIG Found

The University did not always manage NIH awards in accordance with Federal and award requirements. Specifically, of the 31 judgmentally selected costs totaling \$426,443 that we reviewed, we determined that 6 costs totaling \$42,578 did not comply with Federal and award requirements for allowability of costs. These errors occurred because the controls that the University had in place, to include policies and procedures, were inadequate to ensure that the University always managed its NIH awards in accordance with Federal and award requirements. For our second objective, we determined that the University had policies and procedures in place that were designed to meet FCOI requirements for training and monitoring of outside interest disclosures.

We also determined that the University's controls, including policies and procedures, were not always sufficient to ensure that it properly monitored subawards to identify possible investigator misconduct that may have impacted the conduct or performance of another NIH award. Of the 31 judgmentally selected costs we reviewed, 1 subrecipient cost was associated with possible subrecipient investigator misconduct in an unrelated NIH award not associated with the University.

What OIG Recommends and Saint Louis University Comments

We recommend that the University: (1) refund \$263 to NIH for unallowable travel costs; (2) ensure that it always manages NIH awards in accordance with Federal and award requirements, by strengthening procedures and controls; (3) enhance its existing controls by developing and implementing policies and procedures to ensure that either the internal audits conducted by its internal audit firm, the University's compliance department, or both, review costs that the University claims for its NIH awards; and (4) strengthen its controls, to include policies and procedures, to ensure that it properly monitors its subaward subrecipients.

The University concurred with all of our recommendations and described corrective actions it had taken or planned to take. Specifically, the University stated that it had refunded to NIH the full amount of the unallowable travel expenditure and that it had implemented a new automated financial system, restructuring of its grants accounting function, the updating of policy, and plans to provide additional training to staff.

What OIG Found

The University did not always manage NIH awards in accordance with Federal and award requirements. Specifically, of the 31 judgmentally selected costs totaling \$426,443 that we reviewed, we determined that 6 costs totaling \$42,578 did not comply with Federal and award requirements for allowability of costs. These errors occurred because the controls that the University had in place, to include policies and procedures, were inadequate to ensure that the University always managed its NIH awards in accordance with Federal and award requirements. For our second objective, we determined that the University had policies and procedures in place that were designed to meet FCOI requirements for training and monitoring of outside interest disclosures.

We also determined that the University's controls, including policies and procedures, were not always sufficient to ensure that it properly monitored subawards to identify possible investigator misconduct that may have impacted the conduct or performance of another NIH award. Of the 31 judgmentally selected costs we reviewed, 1 subrecipient cost was associated with possible subrecipient investigator misconduct in an unrelated NIH award not associated with the University.

The full report can be found at <https://oig.hhs.gov/oas/reports/region7/72005127.asp>.



Unallowable Costs

Not all of the University's claimed NIH award costs complied with Federal and award requirements.

Cost Categories	Number of Costs Sampled	Total Amount Sampled	Number of Errors	Total Amount of Errors
Salary and Wage Costs	5	\$42,315	5	\$42,315
Fringe Benefit Costs	7	16,037	-	-
Travel Costs	5	7,636	1	263
Direct Costs	10	14,773	-	-
Indirect Costs	2	198,811	-	-
Subrecipient Subawards ²⁹	2	146,871	-	-
Total	31	\$426,443	6	\$42,578



Employee Salary and Wage Cost

Sample Items: 5
Total costs: \$42,315
Unallowable Costs: \$42,315

- Payroll costs did not reconcile to the approved salaries and wages.
- Certifications were conducted 5 months after the end of the reporting period.
- Payroll costs did not reconcile to payroll reports.



Travel Costs

Sample Items: 5
Total costs: \$ 7,636
Unallowable Costs: \$ 263

- Partially unallowable hotel stay
- 3 nights were applied to NIH award funds.
- Employee returned after only 2 nights.



Financial Conflict of Interest

Requires each investigator to complete FCOI training:

- Before engaging in research related to any Public Health awards;
- At least every 4 years;
- Immediately after updates to the FCOI policies and procedures; and
- If an investigator is new to the University.

Monitoring of outside interests:

- Investigators must submit formal statements of outside interests; and
- University Officials evaluate formal disclosures in relation to the investigator's institutional responsibilities.



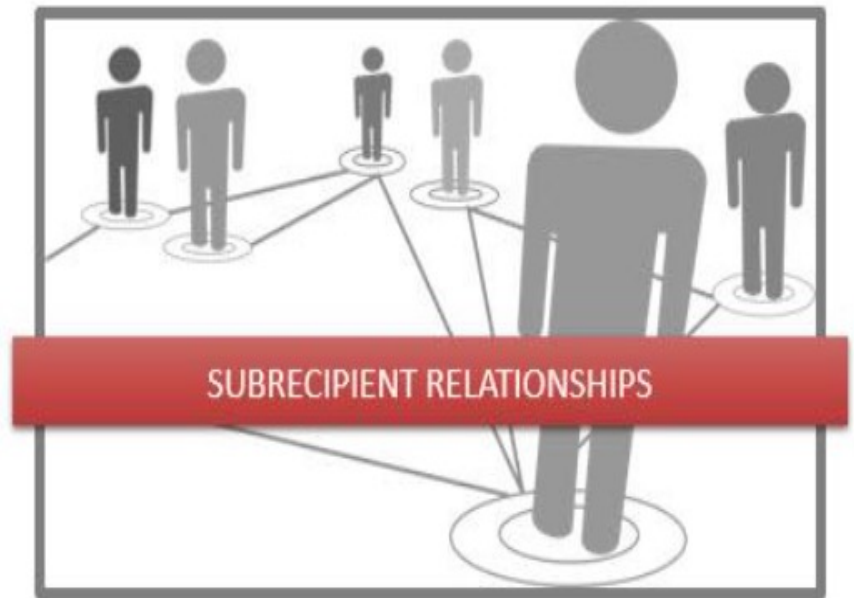
Subrecipient Monitoring

The University maintained policies and procedures that required:

- Risk assessments of all potential subrecipients, and
- Implementation of additional monitoring tools as needed based on assessed risk.

The University did not identify possible research misconduct:

- No additional monitoring was conducted of a medium risk subrecipient.
- Policies and procedures did not direct University staff to follow up with subrecipients upon cancellation of subawards.



What OIG Recommends

Report in Brief

Date: June 2023
Report No. A-07-20-05127

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



Why OIG Did This Audit

Extramural research awards accounted for more than 84 percent of the \$43 billion that the National Institutes of Health (NIH) received in funding for Federal fiscal year 2022. Prior OIG work highlighted an increased need for transparency in research funding and identified several areas in which NIH could improve how it oversees the grants that it awards each year. This audit of Saint Louis University (the University) is part of a series of audits of institutions of higher education.

Our objectives were to determine whether the University: (1) managed NIH awards in accordance with Federal and award requirements and (2) had policies and procedures in place that were designed to meet Financial Conflict of Interest (FCOI) requirements for training and monitoring.

How OIG Did This Audit

Our audit covered costs totaling almost \$67 million associated with 793 NIH awards (managed in 300 award fund accounts) that the University received between January 1, 2017, and December 31, 2019.

We reviewed the University's policies and procedures to determine whether the University had controls in place, and we judgmentally selected 5 of the University's 300 award fund accounts, from which we judgmentally selected and reviewed 31 costs totaling \$426,443 that the University charged to the awards.

Saint Louis University's Management of NIH Grant Awards Did Not Comply With All Federal Requirements but Complied With Financial Conflict of Interest Requirements

What OIG Found

The University did not always manage NIH awards in accordance with Federal and award requirements. Specifically, of the 31 judgmentally selected costs totaling \$426,443 that we reviewed, we determined that 6 costs totaling \$42,378 did not comply with Federal and award requirements for allowability of costs. These errors occurred because the controls that the University had in place, to include policies and procedures, were inadequate to ensure that the University always managed its NIH awards in accordance with Federal and award requirements. For our second objective, we determined that the University had policies and procedures in place that were designed to meet FCOI requirements for training and monitoring of outside interest disclosures.

We also determined that the University's controls, including policies and procedures, were not always sufficient to ensure that it properly monitored subawards to identify possible investigator misconduct that may have impacted the conduct or performance of another NIH award. Of the 31 judgmentally selected costs we reviewed, 1 subrecipient cost was associated with possible subrecipient investigator misconduct in an unrelated NIH award not associated with the University.

What OIG Recommends and Saint Louis University Comments

We recommend that the University: (1) refund \$263 to NIH for unallowable travel costs; (2) ensure that it always manages NIH awards in accordance with Federal and award requirements, by strengthening procedures and controls; (3) enhance its existing controls by developing and implementing policies and procedures to ensure that either the internal audits conducted by its internal audit firm, the University's compliance department, or both, review costs that the University claims for its NIH awards; and (4) strengthen its controls, to include policies and procedures, to ensure that it properly monitors its subaward subrecipients.

The University concurred with all of our recommendations and described corrective actions it had taken or planned to take. Specifically, the University stated that it had refunded to NIH the full amount of the unallowable travel expenditure and that it had implemented a new automated financial system, a restructuring of its grants accounting function, the updating of policy, and plans to provide additional training to staff.

What OIG Recommends and Saint Louis University Comments

We recommend that the University: (1) refund \$263 to NIH for unallowable travel costs; (2) ensure that it always manages NIH awards in accordance with Federal and award requirements, by strengthening procedures and controls; (3) enhance its existing controls by developing and implementing policies and procedures to ensure that either the internal audits conducted by its internal audit firm, the University's compliance department, or both, review costs that the University claims for its NIH awards; and (4) strengthen its controls, to include policies and procedures, to ensure that it properly monitors its subaward subrecipients.

The full report can be found at <https://oig.hhs.gov/oas/reports/region7/72005127.asp>.



Recommendations

- Refund \$263 to NIH for unallowable travel costs.
- Ensure that it always manages NIH awards in accordance with Federal and award requirements by:
 - Strengthening procedures for reconciliation of payroll costs to approved salaries and wages and to payroll reports, and
 - Strengthening controls to ensure the timely completion and certification of employee time and effort reports after completion of each 6-month reporting period.



Recommendations

- Enhance its existing controls by developing and implementing policies and procedures to ensure that either the internal audits conducted by its internal audit firm, the University's compliance department, or both, review costs that the University claims for its NIH awards.
- Strengthen controls, including policies and procedures, to ensure that the University properly monitors its subrecipients. Specifically:
 - Evaluate its current risk assessment policies and procedures and implementing procedures to improve monitoring of subrecipients classified as high or medium risk, and
 - Develop and implement notification and follow up procedures to be executed in cases of subrecipient subaward or contract cancellation.



Auditee Comments

Report in Brief

Date: June 2023
Report No. A-07-20-05127

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



Why OIG Did This Audit

Extramural research awards accounted for more than 84 percent of the \$43 billion that the National Institutes of Health (NIH) received in funding for Federal fiscal year 2022. Prior OIG work highlighted an increased need for transparency in research funding and identified several areas in which NIH could improve how it oversees the grants that it awards each year. This audit of Saint Louis University (the University) is part of a series of audits of institutions of higher education.

Our objectives were to determine whether the University: (1) managed NIH awards in accordance with Federal and award requirements and (2) had policies and procedures in place that were designed to meet Financial Conflict of Interest (FCOI) requirements for training and monitoring.

How OIG Did This Audit

Our audit covered costs totaling almost \$67 million associated with 793 NIH awards (managed in 300 award fund accounts) that the University received between January 1, 2017, and December 31, 2019.

We reviewed the University's policies and procedures to determine whether the University had controls in place, and we judgmentally selected 5 of the University's 300 award fund accounts, from which we judgmentally selected and reviewed 31 costs totaling \$426,443 that the University charged to the awards.

Saint Louis University's Management of NIH Grant Awards Did Not Comply With All Federal Requirements but Complied With Financial Conflict of Interest Requirements

What OIG Found

The University did not always manage NIH awards in accordance with Federal and award requirements. Specifically, of the 31 judgmentally selected costs totaling \$426,443 that we reviewed, we determined that 6 costs totaling \$42,378 did not comply with Federal and award requirements for allowability of costs. These errors occurred because the controls that the University had in place, to include policies and procedures, were inadequate to ensure that the University always managed its NIH awards in accordance with Federal and award requirements. For our second objective, we determined that the University had policies and procedures in place that were designed to meet FCOI requirements for training and monitoring of outside interest disclosures.

We also determined that the University's controls, including policies and procedures, were not always sufficient to ensure that it properly monitored subawards to identify possible investigator misconduct that may have impacted the conduct or performance of another NIH award. Of the 31 judgmentally selected costs we reviewed, 1 subrecipient cost was associated with possible subrecipient investigator misconduct in an unrelated NIH award not associated with the University.

What OIG Recommends and Saint Louis University Comments

We recommend that the University: (1) refund \$263 to NIH for unallowable travel costs; (2) ensure that it always manages NIH awards in accordance with Federal and award requirements, by strengthening procedures and controls; (3) enhance its existing controls by developing and implementing policies and procedures to ensure that either the internal audits conducted by its internal audit firm, the University's compliance department, or both, review costs that the University claims for its NIH awards; and (4) strengthen its controls, to include policies and procedures, to ensure that it properly monitors its subaward subrecipients.

The University concurred with all of our recommendations and described corrective actions it had taken or planned to take. Specifically, the University stated that it had refunded to NIH the full amount of the unallowable travel expenditure and that it had implemented a new automated financial system, a restructuring of its grants accounting function, the updating of policy, and plans to provide additional training to staff.

The University concurred with all of our recommendations and described corrective actions it had taken or planned to take. Specifically, the University stated that it had refunded to NIH the full amount of the unallowable travel expenditure and that it had implemented a new automated financial system, a restructuring of its grants accounting function, the updating of policy, and plans to provide additional training to staff.

The full report can be found at <https://oig.hhs.gov/oas/reports/region7/72005127.asp>.



Other Recent OIG Work



OIG Update



NIH Audit

National Institutes of Health Grant Program Cybersecurity Requirements Need Improvement

September 2022

- CliftonLarsonAllen LLP found that NIH did not have: (1) an adequate pre-award risk assessment process because it does not consider cybersecurity and does not include a special term and condition addressing cybersecurity risk in the Notice of Award, (2) adequate policies because the NIH Grants Policy Statement does not include specific, risk-based provisions on cybersecurity, and (3) adequate post-award monitoring to ensure grantees maintain effective cybersecurity to protect sensitive and confidential data and NIH's intellectual property.
- NIH was provided a series of recommendations. NIH considers the five recommendations closed and implemented. Based on our review of NIH's comments, we determined that the actions described do not sufficiently address the identified cybersecurity risks.

CDC Audit

CDC's Corrective Actions Improved Program Operations at the National Institute of Health in Mozambique and Facilitated the Institute's Implementation of Prior OIG Audit Recommendations

September 2022

- The Centers for Disease Control and Prevention's (CDC's) corrective actions, in response to our November 2016 memorandum, improved program operations at the National Institute of Health in Mozambique (the Institute).
- Specifically, CDC took the following eight corrective actions, which we confirmed through our audit: (1) designated the Institute a high-risk organization, (2) added special award conditions, (3) conducted a site visit in December 2016, (4) delayed new funding to the Institute, (5) conducted a risk and business system assessment in March 2018, (6) hired a project officer to manage the Government-to-Government portfolio in Mozambique, (7) worked with the Institute to ensure proper systems and practices are in place, and (8) employed a fiscal agent.

Fraud Self Disclosure

University of Missouri Health Care and University Physicians Agreed to Pay \$100,000 for Allegedly Violating the Civil Monetary Penalties Law by Paying Remuneration in the Form of Free Continuing Medical Education and Meals

September 2022

- After they self-disclosed conduct to OIG, the Curators of the University of Missouri on behalf of University of Missouri Health Care and University Physicians (collectively, “CUMHC”), Missouri, agreed to pay \$100,000 for allegedly violating the Civil Monetary Penalties Law including provisions applicable to kickbacks.
- OIG alleged that the CUMHC provided remuneration to 102 community physicians in the form of free continuing medical education and meals.

Criminal Investigation

Foreign Medical Student Found Guilty In Home Health Fraud Scheme

U.S. Attorney's Office, Southern District of Texas - October 2022

- A federal jury in Houston has convicted a 65-year-old Houston resident for conspiracy to commit health care fraud, announced U.S. Attorney Jennifer B. Lowery.
- At trial, co-conspirator Margaret Arise testified that she owned numerous home health agencies in the Houston Area. She admitted she hired Abudul Audu Azia Ozigi, a foreign medical student, to act in the role of a physician to see patients in their homes.
- Ozigi did not have a license to practice medicine in the US and was not under the supervision of a physician when he treated patients.
- HHS – OIG, Texas Medicaid Fraud Control Unit, Southwest Unified Program Integrity Contractor Qlarant, and the FBI conducted the investigation.

Fraud Self Disclosure

Providence Saint John's Health Center and Saint John's Physician Partners Agreed to Pay \$4.9 Million for Allegedly Violating the Civil Monetary Penalties Law by Submitting Claims for Services Provided for in Clinical Research Studies

December 2022

- After they self-disclosed conduct to OIG, Providence Saint John's Health Center and Providence Saint John's Medical Foundation d/b/a Saint John's Physician Partners, California agreed to pay \$4,902,536.92 for allegedly violating the Civil Monetary Penalties Law.
- OIG alleged that they submitted claims to Medicare, Medicaid, and Tricare for items used and services provided in clinical research studies that should have been paid for by the research study sponsor or provided free to the research participant.

NIH Audit

The National Institutes of Health and EcoHealth Alliance Did Not Effectively Monitor Awards and Subawards, Resulting in Missed Opportunities to Oversee Research and Other Deficiencies

January 2023

- Despite identifying potential risks associated with research being performed under the EcoHealth Alliance (EcoHealth) awards, the NIH did not effectively monitor or take timely action to address EcoHealth's compliance with some requirements.
- Although they established monitoring procedures, lapses in compliance limited their ability to effectively monitor Federal grant awards to understand the nature of the research conducted, identify potential problem areas, and take corrective action.
- Total unallowable costs: \$89,171

Grant Fraud Self Disclosure

[Illinois Institute of Technology Agreed to Pay \\$51,000 for Allegedly Violating the Civil Monetary Penalties Law by Submitting False Claims to NIH and ACL Grants](#)

February 2023

- After it self-disclosed conduct to OIG, Illinois Institute of Technology (IIT), Illinois, agreed to pay \$51,907.50 for allegedly violating the Civil Monetary Penalties Law.
- OIG alleged that a former IIT employee stole gift cards that were meant to be dispensed to research study participants. Specifically, OIG alleged that IIT submitted false claims for the cost of the gift cards to two HHS funded awards that were awarded by the National Institutes of Health and the Administration for Community Living.

DOJ Civil Settlement

[Penn State Health Agrees To Pay \\$1,252,662.28 To Settle A Voluntary Disclosure Related To Milton S. Hershey Medical Center \(HMC\) And St. Joseph Medical Center \(SJMC\)](#)

U.S. Attorney's Office, Middle District of Pennsylvania - March 2023

- Penn State Health (PSH) has agreed to pay \$1,252,662.28 to resolve allegations of civil liability for submitting claims to Medicare for Evaluation & Management (E&M) services that violated Medicare rules and regulations.
- Between January 2015 and March 2019 for HMC, and between July 2015 and June 2018 for SJMC, PSH submitted claims to Medicare Part B for E&M services that were not supported by the medical record on the same date of service as infusion services. After it discovered the problems, PSH took prompt corrective action.
- This matter was handled by the HHS, Office of Counsel to the Inspector General, and Assistant U.S. Attorney Tamara Haken of the Affirmative Civil Enforcement Unit of the U.S. Attorney's Office for the Middle District of Pennsylvania.

DOJ Civil Settlement

University Of Iowa Agrees To Training, Payment Of \$16,444 To Resolve United States' Allegations Regarding Resident X-Ray Interpretations

U.S. Attorney's Office, Northern District of Iowa - March 2023

- UI submission of claims for payment for resident x-ray interpretations, where review by an attending physician did not satisfy the requirements of 42 C.F.R. § 415.180, between the period July 2018 to May 2020.
- UI will implement mandatory physician training regarding Medicare requirements for physician fee payment for interpretations of diagnostic radiology in teaching settings.
- This civil matter arose from an action brought under the whistleblower provisions of the False Claims Act. The whistleblower will share in the United States' financial recovery.
- The case was handled by Assistant United States Attorneys Melissa A. Carrington and Jacob A. Schunk and investigated by the HHS OIG and DOD OIG.

Fraud Self Disclosure

Regents of the University of California Agreed to Pay \$136,000 for Allegedly Violating the Civil Monetary Penalties Law by Employing an Excluded Individual

April 2023

- After it self-disclosed conduct to OIG, Regents of the University of California, on behalf of UCLA Health (UCLA), California, agreed to pay \$136,497.86 for allegedly violating the Civil Monetary Penalties Law.
- OIG alleged that UCLA employed an individual that it knew or should have known was excluded from participation in Federal health care programs.

Criminal Investigation

[Former Harvard University Professor Sentenced For Lying About His Affiliation With Wuhan University Of Technology; China's Thousand Talents Program; And Filing False Tax Returns](#)

U.S. Attorney's Office, District of Massachusetts - April 2023

- Dr. Charles Lieber, 64, was sentenced to time served (two days) in prison; two years of supervised release with six months of home confinement; a fine of \$50,000; and \$33,600 in restitution to the IRS for lying to federal authorities about his affiliation with People's Republic of China's Thousand Talents Program and income from the Wuhan University of Technology in Wuhan, China.
- Lieber served as the Principal Investigator of the Lieber Research Group at Harvard University, which between 2008 and 2019 conducted more than \$15 million in research sponsored by various U.S. Government agencies, including NIH and DOD.
- Numerous federal agencies investigated this case.

New OIG Workplan Items

- [National Institutes of Health Oversight of Extramural Recipients' Emergency Preparedness for Biospecimen Research](#)
- [NIH Contract Closeout Process](#)
- [Superfund Financial Activities at the National Institute of Environmental Health Sciences](#)
- [NIH Recipient Institutions' Reporting of Monetary Donations That Support Research](#)
- [CDC Oversight of the President's Emergency Plan for AIDS Relief Funds](#)

OIG Compliance Training Series for Recipients of Federal Awards

Online compliance training series for recipients of Federal awards:

- Compliance
- Fraud, Waste, and Abuse
- Using Internal Controls
- Understanding Single Audits

Provides information and tools that can be applied to help ensure compliance with applicable statutes, regulations, and program requirements.

Training is Free!



We Need You to be Our Voluntary Tester



Target Testers:

- Voluntary participants
- Recipients of Federal awards (i.e. grantees)

Desired feedback:

- How useful is the training?
- What would make it better?
- Is this training something that your organization could find useful?

Please see us after the meeting if you are interested.



Questions?



OIG Update



Radio Frequency Identification (RFID) and Inventory Management

Jeff DiCiaccio, Senior Director of Strategic Procurement, Harvard Medical School

Greg Sheahan, President, HCA Asset Management

Mariana Traetta, Vice President of Operations, HCA Asset Management

Tuesday, Aug 29th


3:15 pm - 4:15 pm

Radio Frequency Identification (RFID) and Inventory Management

NECA Conference, August 29th, 2023



Speakers

- **Mariana Traetta** – HCA Asset Management
Vice President of Operations, mtraetta@hcamgt.com 913.271.2546
 - **Greg Sheahan** – HCA Asset Management
President, Gsheahan@hcamgt.com 941.544.2369
 - **Jeff DiCiaccio** – Harvard Medical School
Senior Director of Strategic Procurement, jeff_diciaccio@hms.harvard.edu 617.432.5333
- 

Agenda

Overview

- Compliance requirements
- F&A Considerations
- History of RFID
- Technology (tags, readers)
- Benefits and ROI
- Institutional inventory control considerations

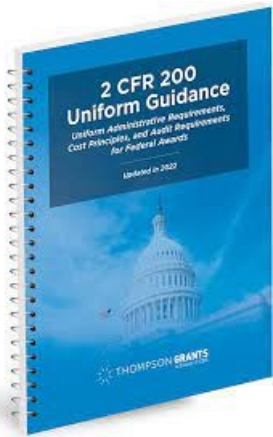
Harvard Medical School Case Study

- Selection criteria and evaluation
- Old vs. New processes
- Implementation
- Project timelines

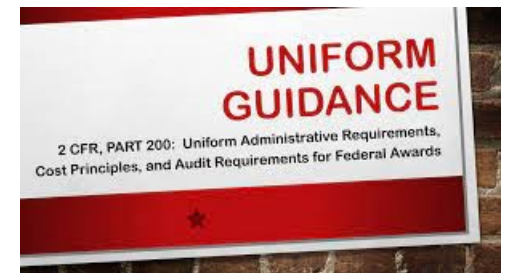
Conclusion

- System integrations
- Key features to look for
- Final recommendations

Asset Tracking Compliance



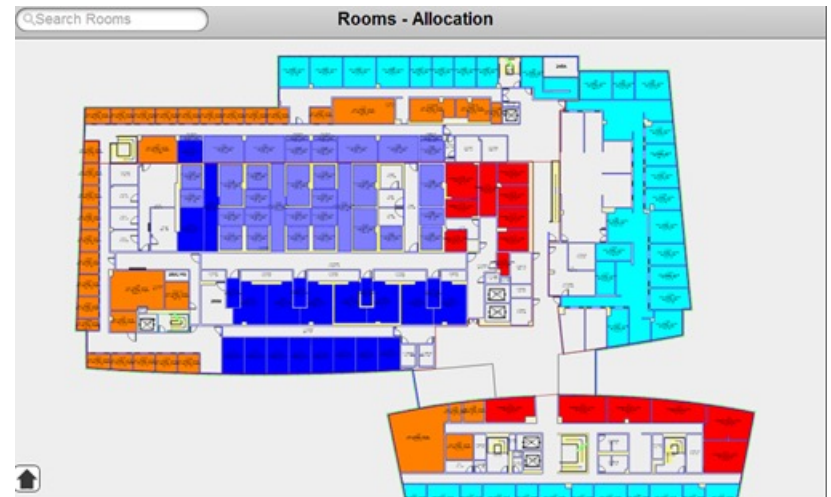
- **OMB 2 CFR Part 200 – Uniform Guidance (UG)**
 - Property Standards from 200.310 through 200.316-Subpart D:
 - Fields required:
 - Description, Serial Number or other identification number, source of funding (including FAIN), who holds title, acquisition date, cost of property, percentage of Federal participation, location, use and condition of property, disposition data including date of disposal and sale price of property.
 - Physical inventory must be taken every 2 years
 - Inventory results must be reconciled with records
 - State requirements may differ
 - Disposal requirements



F&A Considerations

- **Optimize Equipment Depreciation**

- Allocate as much of equipment to the room level as possible
 - Ideally want to match 90% of equipment to a valid building and room
 - Allocations by Department and Building not as beneficial to OR Rate
- F&A depreciation recovery on equipment using % of research by room predicated on institutions ability to demonstrate accurate accountability/location of assets
- Importance of accurate space records and floor plans
- Review space survey functionalization results



F&A Considerations

Equipment & Space Survey results must be defensible

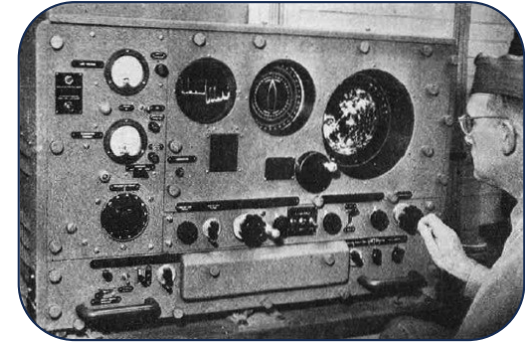


- **Element of risk during on-site visit**
 - Will be verified by federal auditors during F&A negotiation process
 - Equipment moveable by nature

- Confirm that **proper exclusions** are in place
 - Federal funds, service centers
- Timely additions and tag application
- Complete inventory in shortest amount of time possible

History of RFID

- 1935 First used in WW II to detect allied aircraft (friend or foe) on radar
- 1973 Patented (both Passive and Active patented in same year)
- 1980s tags added to trucks carrying nuclear material to detect at entrance gates



- 1999 MIT standardize RFID format
- 2000s Large focus to reduce costs for retail application
- Now used to track livestock, medicine, patients, assets, materials, bed sheets, etc!

RFID Technology



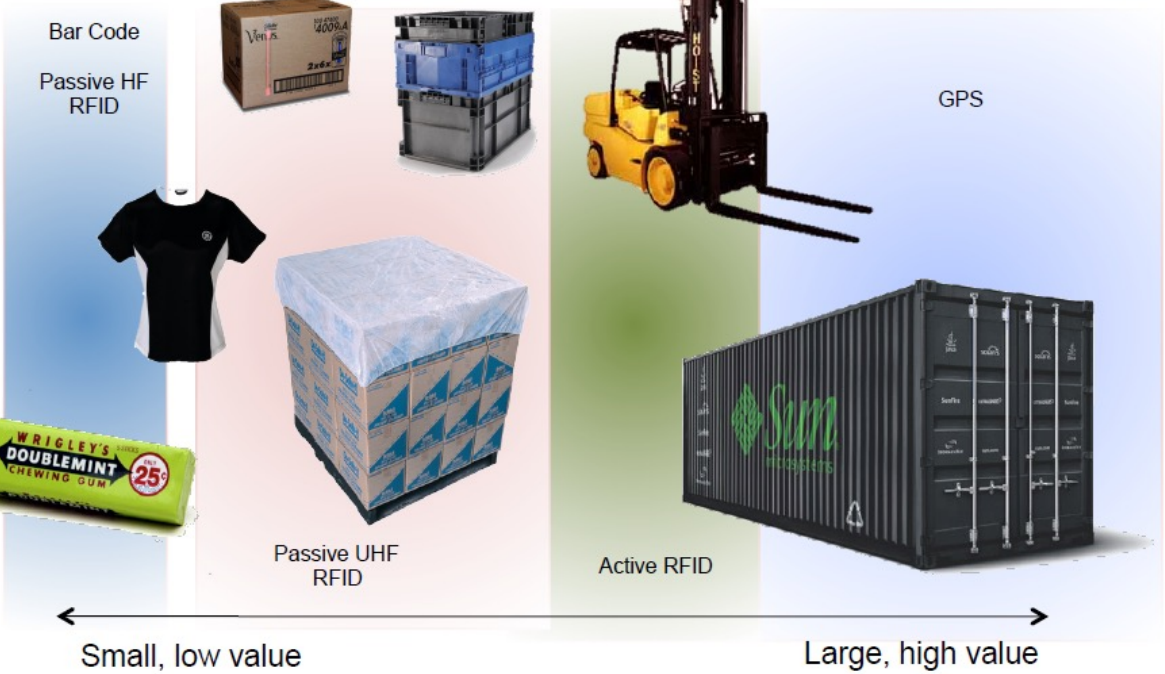
Passive

No Battery

Does not emit signal

LF, HF, UHF

Read distance



Active

Contains battery

Emits a signal on its own

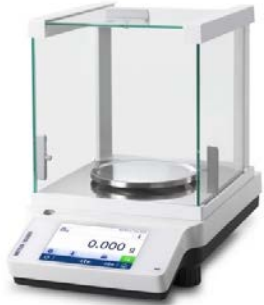
RTLS (Real-Time-Location-System)

RFID Creative Applications

- Microchip implant in pets (and people)
- RFID to Track Dentures at Nursing Homes
- RFID-Enabled Pour at a Time
- Hospital Patient tracking, Surgical items
- ID badges
- Airline Industry Embraces RFID
- Baggage Tracking
- Passports
- Ski Lift Tickets
- Bats



RFID Tags



Material Composition	Effect on RF Signal
Cardboard	Absorption
Liquids	Reflection, Absorption
Metals	Reflection
Group of metal (Soda Cans)	Complex effects (reflection)
Human or Animal Body	Absorption, detuning, reflection
Glass	Attenuation (reduction of signal)
Plastic	Detuning (Dielectric Effect, decreases signal)



RFID Tags

Universal Micro – Passive Tag, Foam backing, works better on metal

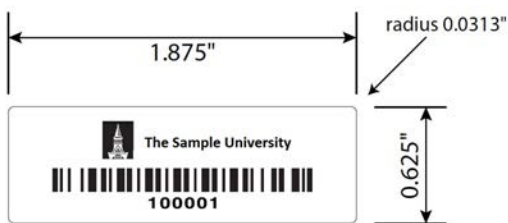
Passive: No battery, antenna responds to Radio Frequency emitted from scanner (does not actively emit signal).

Read Range: 2-8' can be read through wood or plastic, not metal

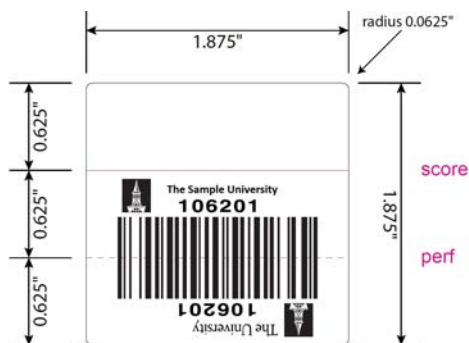
Tag Placement: Tags will be placed on front of asset to ensure most effective read range and minimize interference

UHF 902-928 MHz is the ***FCC standard frequency*** range used in North America, South America, and the Caribbean and ***Gen 2 (EPCglobal Class 1 Generation 2)*** is the ***global industrial standard being used by end-to-end supply chain applications.***

Universal Micro



Tri-fold Server



**Sentry 2607
Autoclavable**



Universal Hard Tag



Old Bar code tag
1.75" x 0.63"



We use - passive
RFID style

Edge tag
1.77" x 0.22" x 0.03"



Universal tag (most common)
1.875" x 0.63" x 0.05"



Data Center tag (with hole for cable tie)
1.50" x 0.51" x 0.16"



Not to scale



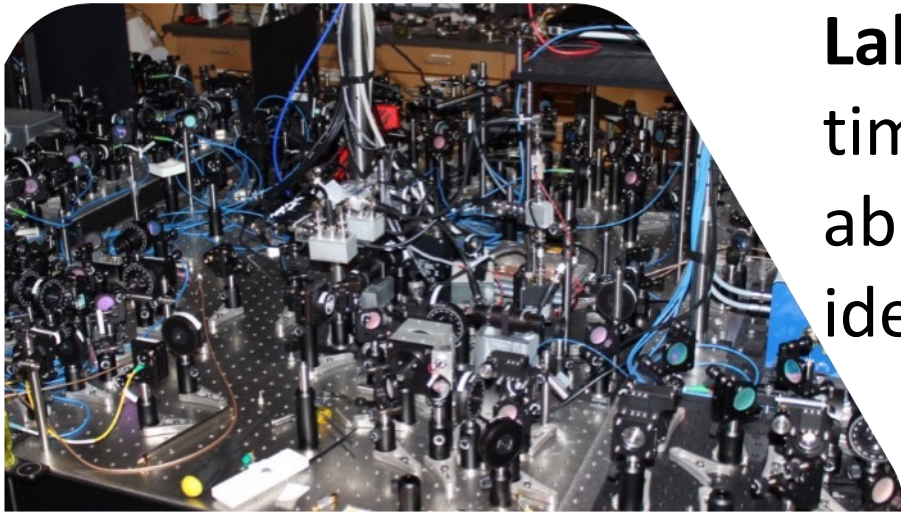
Benefits of RFID Technology

- Efficiencies during inventory verification process
 - Less time spent in the field
 - No need to “pick up” equipment to scan
 - No line of sight necessary for scans
 - Fewer staff needed to conduct cycle inventories
- Ability to account for multiple assets at a time
- Less intrusive to operations – PIs love RFID
- No interference with other equipment – passive technology
- Decreased cost of hardware and tags
- No human error for data input



ROI Examples

Server Rooms: Asset dense spaces can see as much as 70% reduction in time to verify assets with no need to pull out servers.



Lab Space: Average 40+% reduction in time as well as minimal disruption and ability to verify items not readily identifiable(Laser Tables, Fabrications).

Physical Inventory Methods

• Centralized - Central Property Control Staff

- Complete Control
- Turnover and training
- Resource intensive (staff, software, hardware)

• Outsourced – External firm completes inventory and tagging cycles

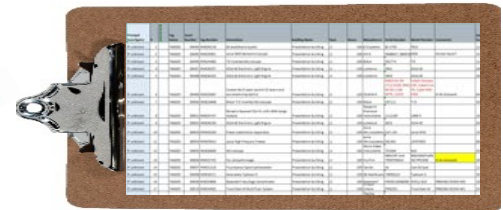
- Familiar with equipment and environment
- Bring industry knowledge from peer institutions
- Minimal resources required
- Less control

• Decentralized – Depending on departments to self-certify

- Less resources required
- No SMEs
- Least accurate results

Harvard Asset Statistics:	Harvard Medical School	Harvard
Number of Assets	4,500	15,000
Original Purchase Price	\$ 149 million	\$ 1.18 billion
# of buildings w/assets	18	160
# of rooms w/assets	960	2,900

Approximately 2 hours to find 50 assets



Every two years, every asset

Previous inventory method

Capital Assets RFID Pilot

FAS/SEAS, Wyss, & HMS = 87%

2023 HSPH = 95%

Selection Process:

1. RFP – 8 Vendors
2. Contact 22 references



DURACELL®



Dallas County
Community College District

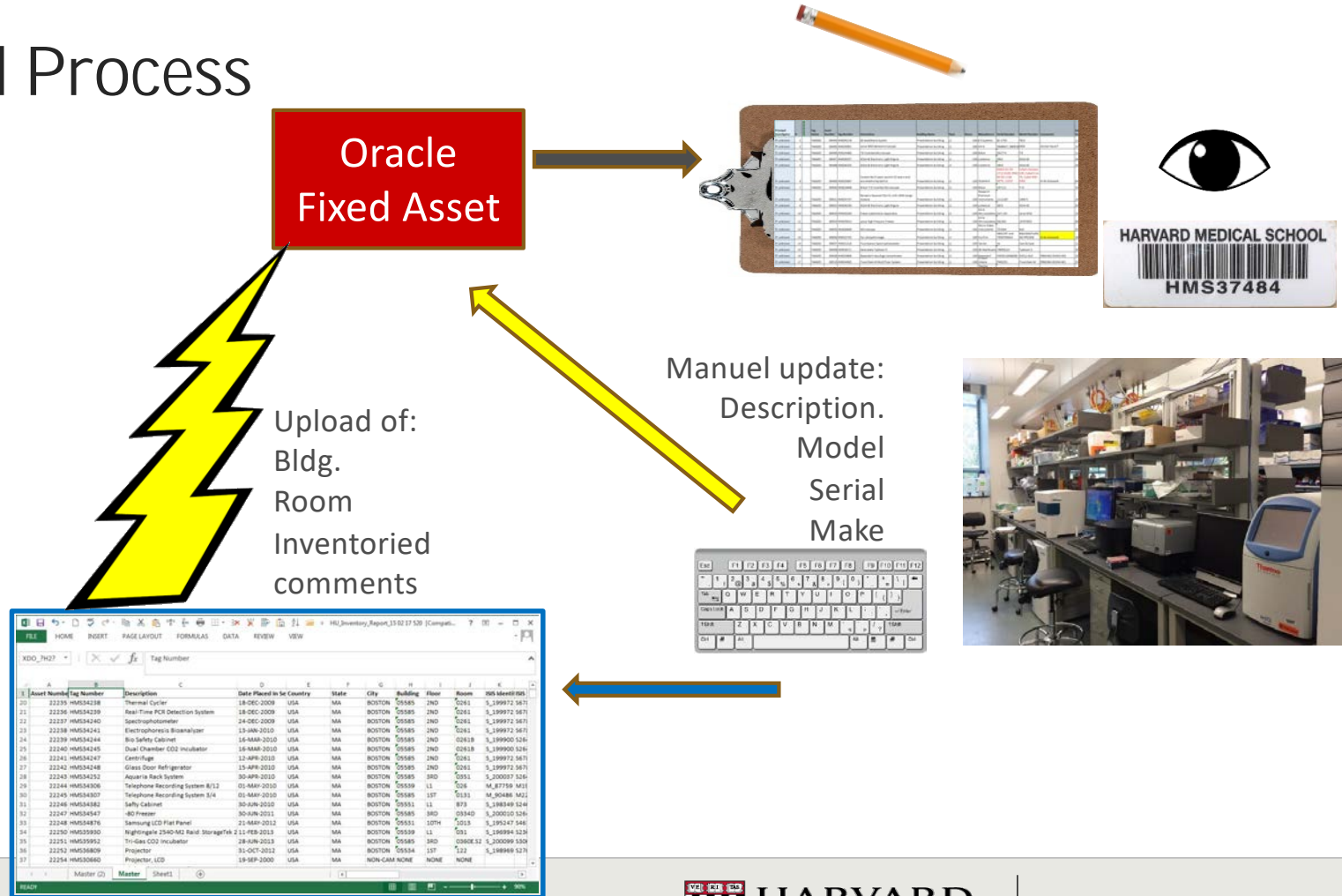


Selection criteria for evaluation

- Data security compliance
- Customer references
- Knowledge of technology
- Hands on approaches
- Compliance requirements
- Custom fields flexibility
- Integration to Inventory system of record
- Test of HU physical environment
- Technical Support
- Cost



Old Process



Examples of readers



ZEBRA MC9190-Z
Weight 34.45 oz
Dim. 10.8" L x 4.7" W x 7.7" H



Technology Solutions' Sled model 1128 (iPhone XR)
Weight 13.4 oz,
Dim. 6.3" L x 3.1" W x 6.65" H

Not to scale

Reader Selected



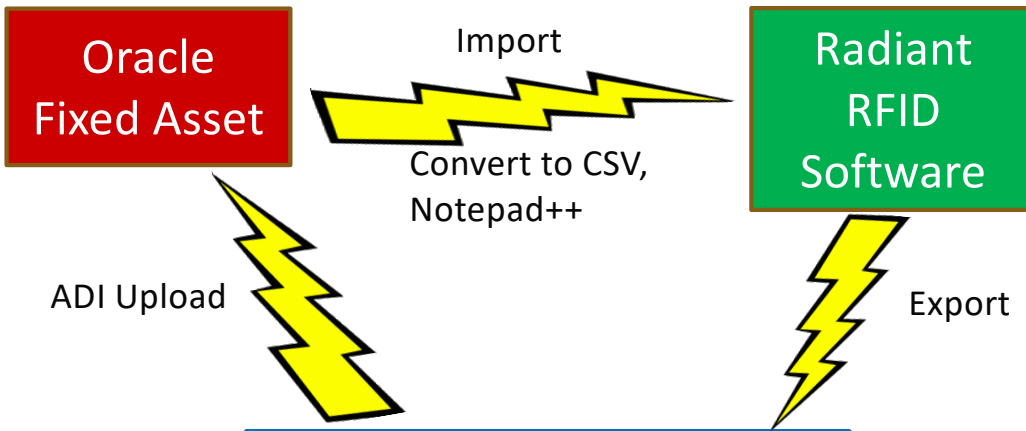
Dimensions	Sled	MC9190-Z
Weight	13.4 oz*	34 oz
Length	6.3"	10.8"
Width	3.1"	4.7"
Height	6.8"	7.7"

*iPhone XR 6.8 oz = 20.2 oz



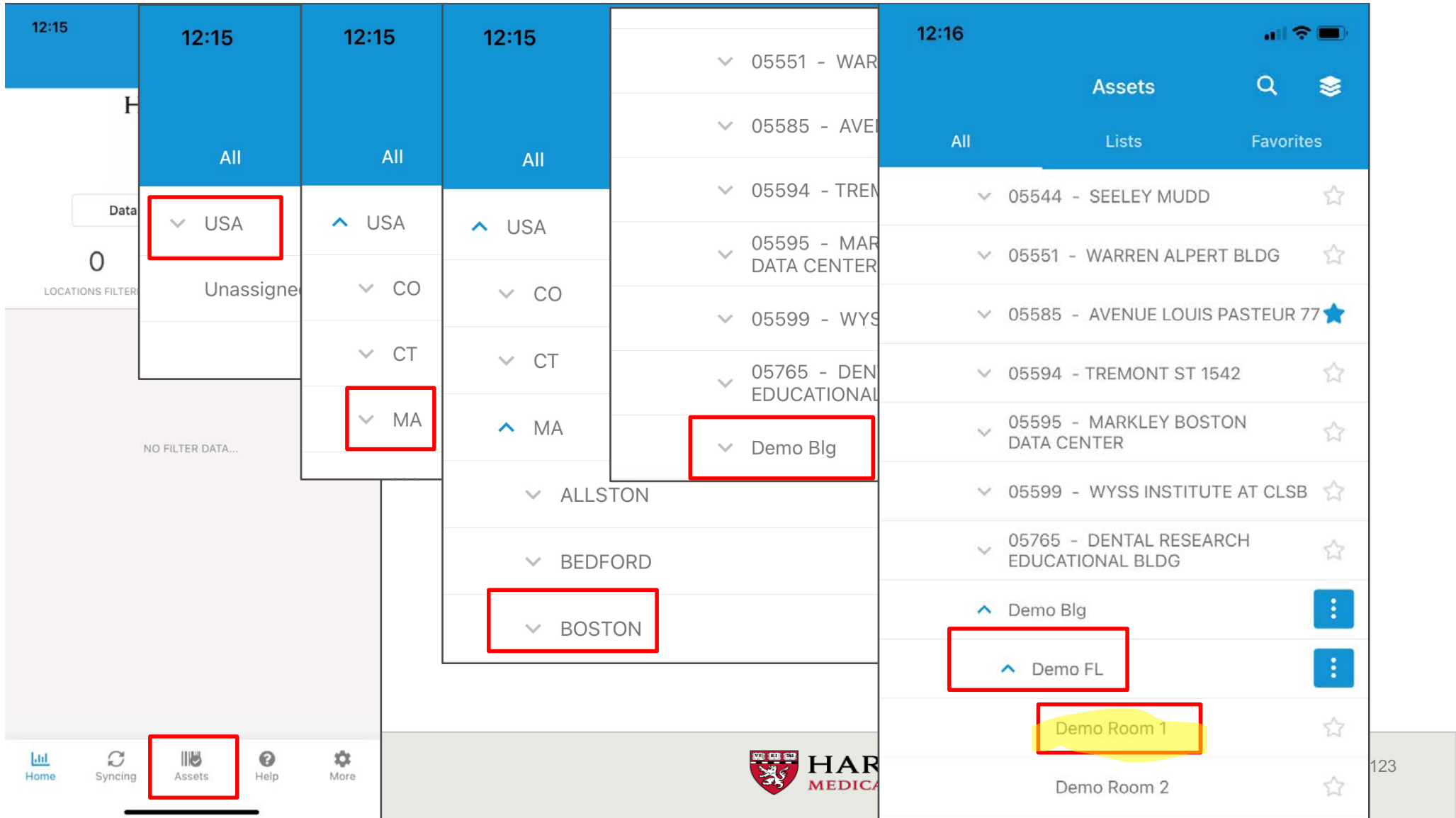
TECHNOLOGY
SOLUTIONS UK LTD
part of **HID**

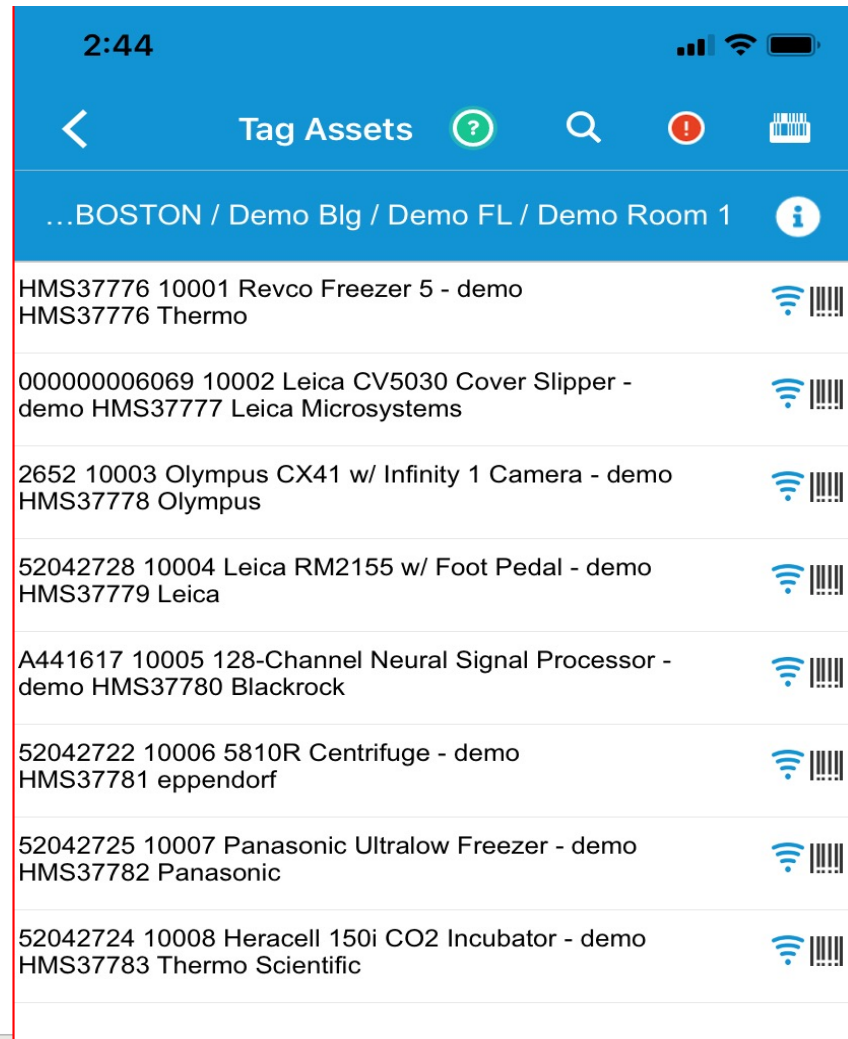
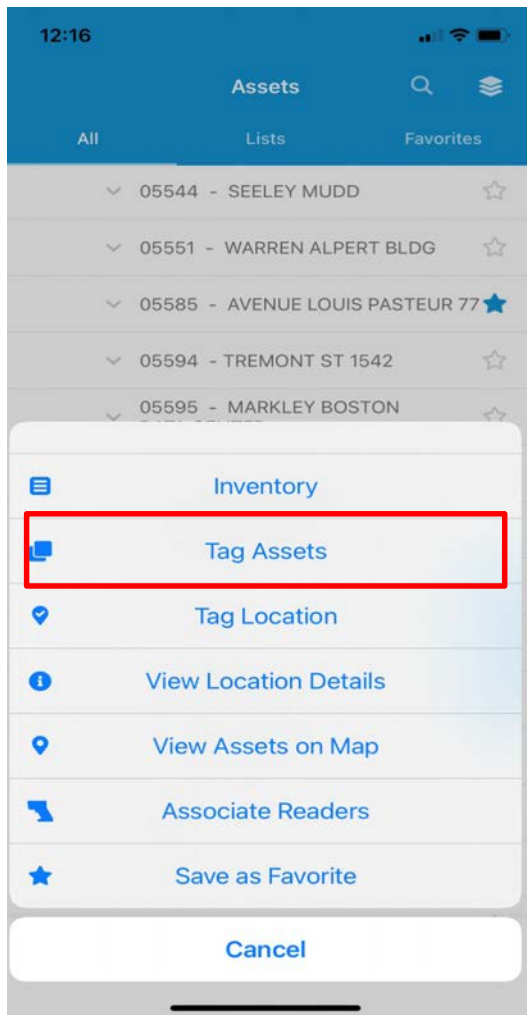
RFID Process



~~Auto Feed~~

Asset Number	Tag Number	Description	Date Placed in Ser	Country	State	City	Building	Floor	Room	RIS Asset#	RIS
22235	HM524238	Thermal Cycler	18-DEC-2009	USA	MA	BOSTON	25585	2ND	0261	S_198972	5671
22236	HM524239	Real-Time PCR Detection System	18-DEC-2009	USA	MA	BOSTON	25585	2ND	0261	S_198972	5671
22237	HM524240	Spectrophotometer	24-DEC-2009	USA	MA	BOSTON	25585	2ND	0261	S_198972	5671
22238	HM524241	Electrophoresis Bioanalyzer	15-JAN-2010	USA	MA	BOSTON	25585	2ND	0261	S_198972	5671
22239	HM524244	Bio Safety Cabinet	16-MAR-2010	USA	MA	BOSTON	25585	2ND	0261B	S_199000	5246
22240	HM524245	Dual Chamber CO2 Incubator	16-MAR-2010	USA	MA	BOSTON	25585	2ND	0261B	S_199000	5246
22241	HM524247	Centrifuge	15-APR-2010	USA	MA	BOSTON	25585	2ND	0261	S_198972	5671
22242	HM524248	Glass Door Refrigerator	15-APR-2010	USA	MA	BOSTON	25585	2ND	0261	S_198972	5671
22243	HM524232	Aquaria Rack System	30-APR-2010	USA	MA	BOSTON	25585	2ND	0351	S_200037	5249
22244	HM524206	Telephone Recording System B/C	01-MAY-2010	USA	MA	BOSTON	25559	11	028	M_87778	M28
22245	HM524307	Telephone Recording System B/A	01-MAY-2010	USA	MA	BOSTON	25585	1ST	0133	M_85048	M21
22246	HM524382	Safety Cabinet	30-JUN-2010	USA	MA	BOSTON	25551	11	879	S_198349	5244
22247	HM524547	40-Freezer	30-JUN-2011	USA	MA	BOSTON	25585	3RD	0394D	S_200010	5246
22248	HM524876	Samsung LCD Flat Panel	21-MAR-2012	USA	MA	BOSTON	25551	10TH	0013	S_195247	5448
22250	HM523930	Nightingale 2540-M2 Hard Storage	211-FEB-2013	USA	MA	BOSTON	25559	11	033	S_198994	5228
22251	HM523932	Tri-Claw CO2 Incubator	28-JUN-2013	USA	MA	BOSTON	25685	3RD	0366E32	S_200096	5208
22252	HM526809	Projector, LCD	31-OCT-2012	USA	MA	BOSTON	25554	1ST	122	S_198948	5271
22254	HM520660	Projector, LCD	19-SEP-2000	USA	MA	NON-CAM	NONE	NONE			





2:45

← Edit Association

Tag Number

HMS37776

RFID Code

Beacon ID

Description

Revco Freezer 5 - demo

Secondary Tag

HMS37776

Serial Number

2:45

← Edit Association

Tag Number

52042287

RFID Code

0100F02B002A000052042287

Beacon ID

Description

Revco Freezer 5 - demo

Secondary Tag

HMS37776

12:16

Assets

All Lists Favorites

- 05544 - SEELEY MUDD
- 05551 - WARREN ALPERT BLDG
- 05585 - AVENUE LOUIS PASTEUR 77
- 05594 - TREMONT ST 1542
- 05595 - MARKLEY BOSTON

Inventory

Tag Assets

Tag Location

View Location Details

View Assets on Map

Associate Readers

Save as Favorite

Cancel

2:48

Invent...

.../ BOSTON / Demo Bldg / Demo FL / Demo Room 1

6	2	8
INVENTORIED	UNINVENTORIED	EXPECTED

0	0	0
UNEXPECTED		UNKNOWN

- 52042728 10004 Leica RM2155 w/ Foot Pedal - demo HMS37779 Leica
- 2652 10003 Olympus CX41 w/ Infinity 1 Camera - demo HMS37778 Olympus
- 52042724 10008 Heracell 150i CO2 Incubator - demo HMS37783 Thermo
- 52042725 10007 Panasonic Ultralow Freezer - demo HMS37782 Panasonic
- 52042723 10001 Revco Freezer 5 - demo HMS37776 Thermo
- 000000006069 10002 Leica CV5030 Cover Slipper - demo HMS37777 Leica
- 52042722 10006 5810R Centrifuge - demo HMS37781 eppendorf
- A441617 10005 128-Channel Neural Signal Processor - demo HMS37780

2:51

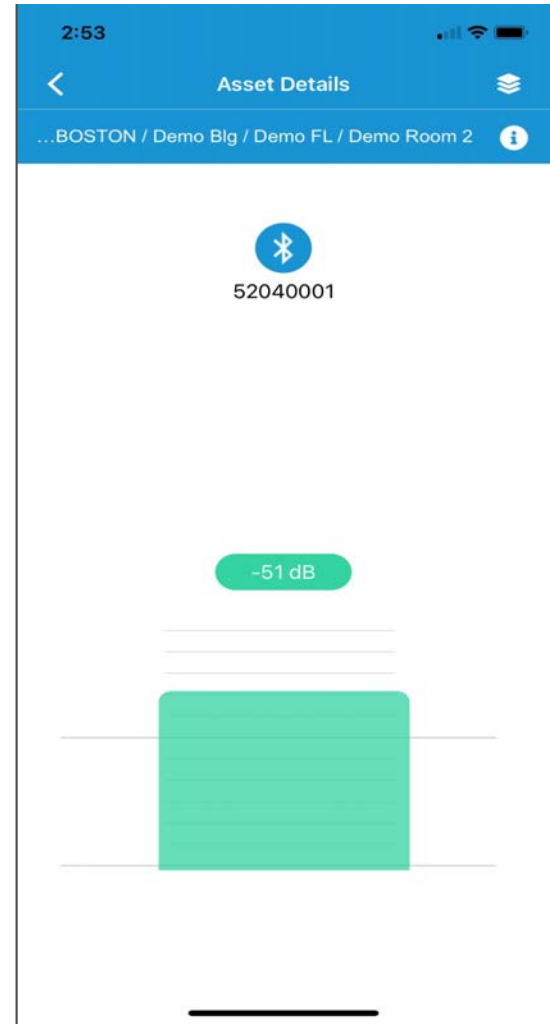
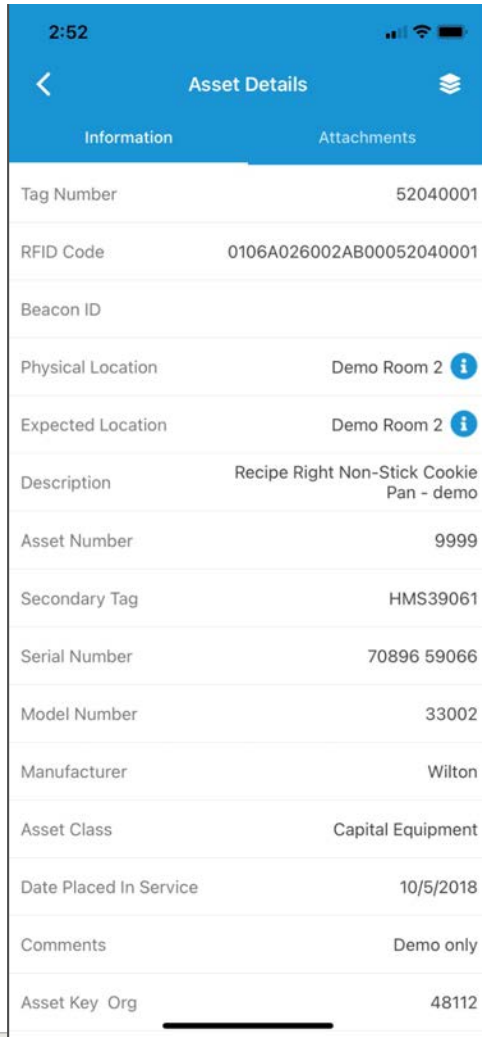
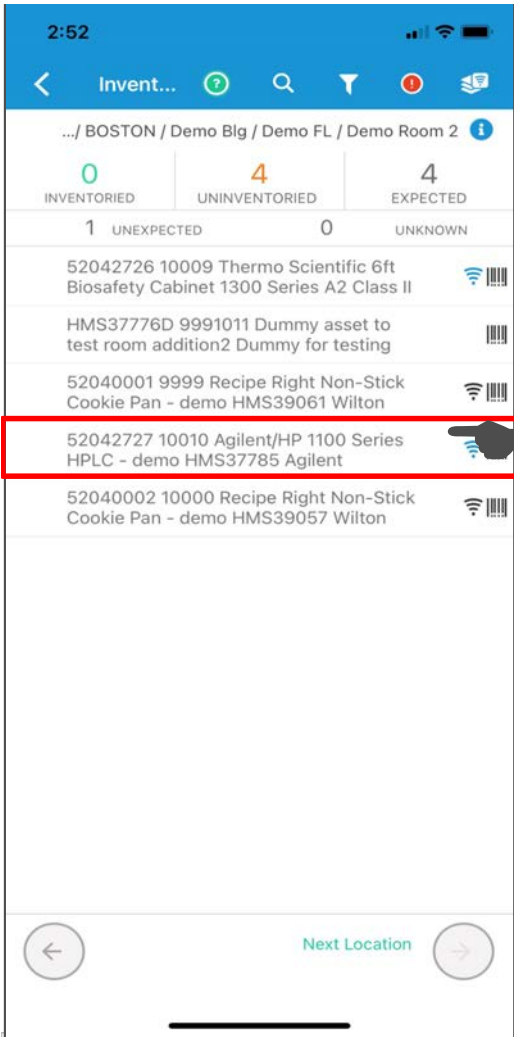
Invent...

.../ BOSTON / Demo Bldg / Demo FL / Demo Room 1

8	0	8
INVENTORIED	UNINVENTORIED	EXPECTED

2	0	0
UNEXPECTED		UNKNOWN

- 52042727 10010 Agilent/HP 1100 Series HPLC - demo HMS37785 Agilent
- 000000006069 10002 Leica CV5030 Cover Slipper - demo HMS37777 Leica
- A441617 10005 128-Channel Neural Signal Processor - demo HMS37780
- 52042728 10004 Leica RM2155 w/ Foot Pedal - demo HMS37779 Leica
- 52042726 10009 Thermo Scientific 6ft Biosafety Cabinet 1300 Series A2 Class II
- 52042725 10007 Panasonic Ultralow Freezer - demo HMS37782 Panasonic
- 52042724 10008 Heracell 150i CO2 Incubator - demo HMS37783 Thermo
- 52042723 10001 Revco Freezer 5 - demo HMS37776 Thermo
- 2652 10003 Olympus CX41 w/ Infinity 1 Camera - demo HMS37778 Olympus
- 52042722 10006 5810R Centrifuge - demo HMS37781 eppendorf





2021 and 2022 conferences

Presenter:

“Harvard Automates Asset Tracking and Reduces Inventory Time with RFID”

Award Runner Up:

2021 - Best RFID Implementation-Other Industry

2022 - Best Healthcare RFID Implementation

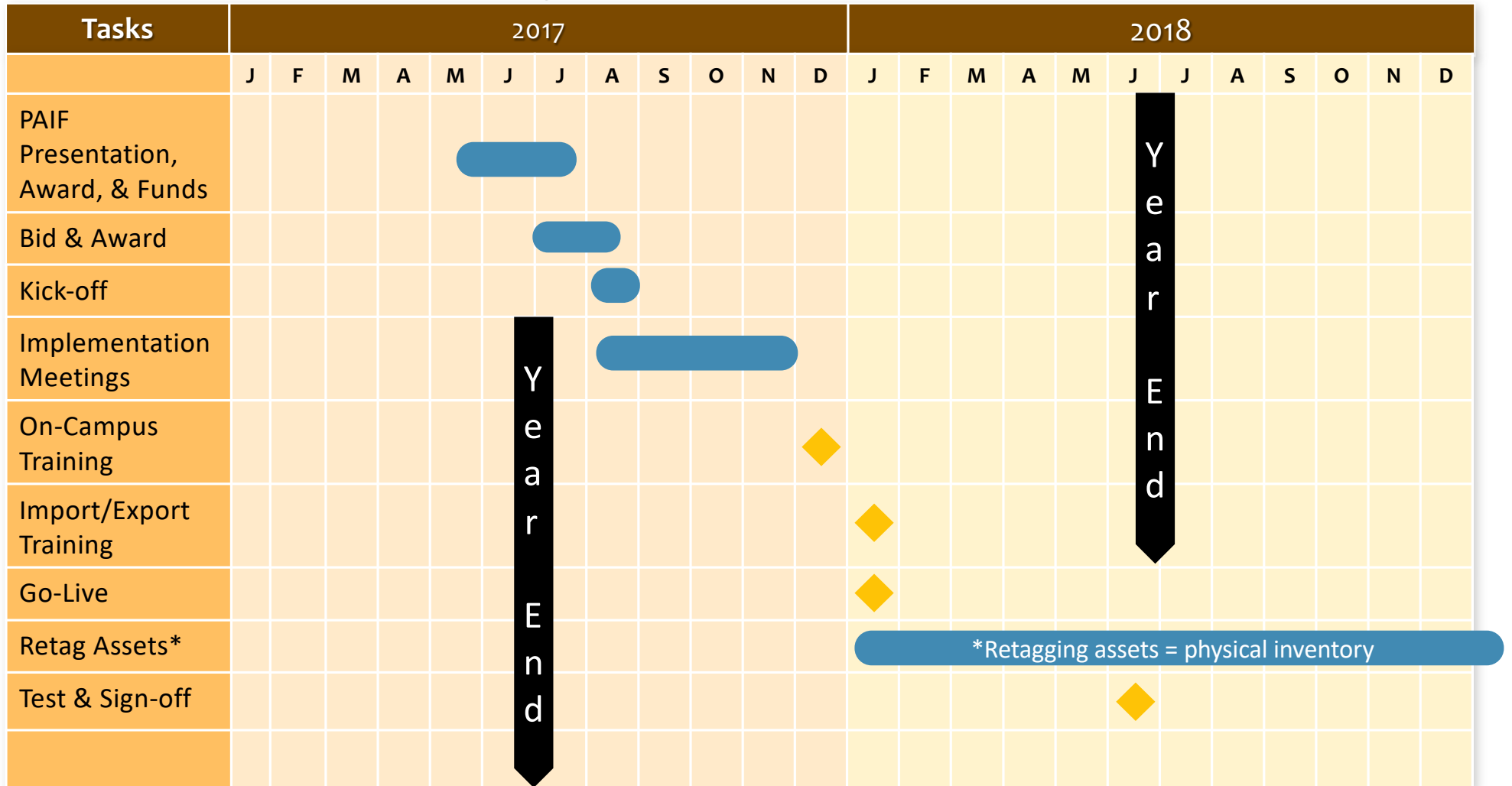


Article:

Harvard Medical School Reduces Asset Audit Times by 75 Percent

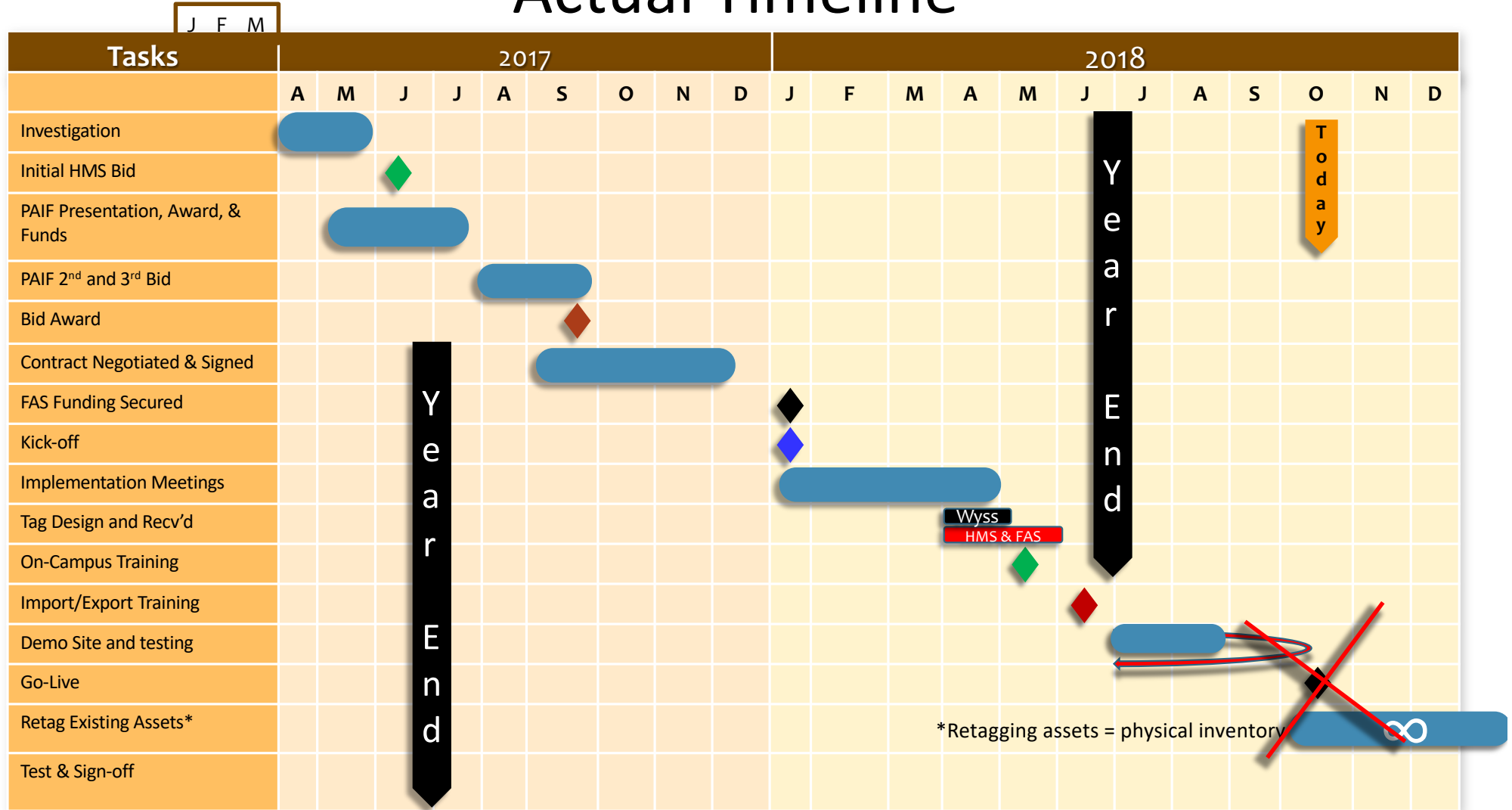
July 2016 Jeff/Assets

Expected Timeline

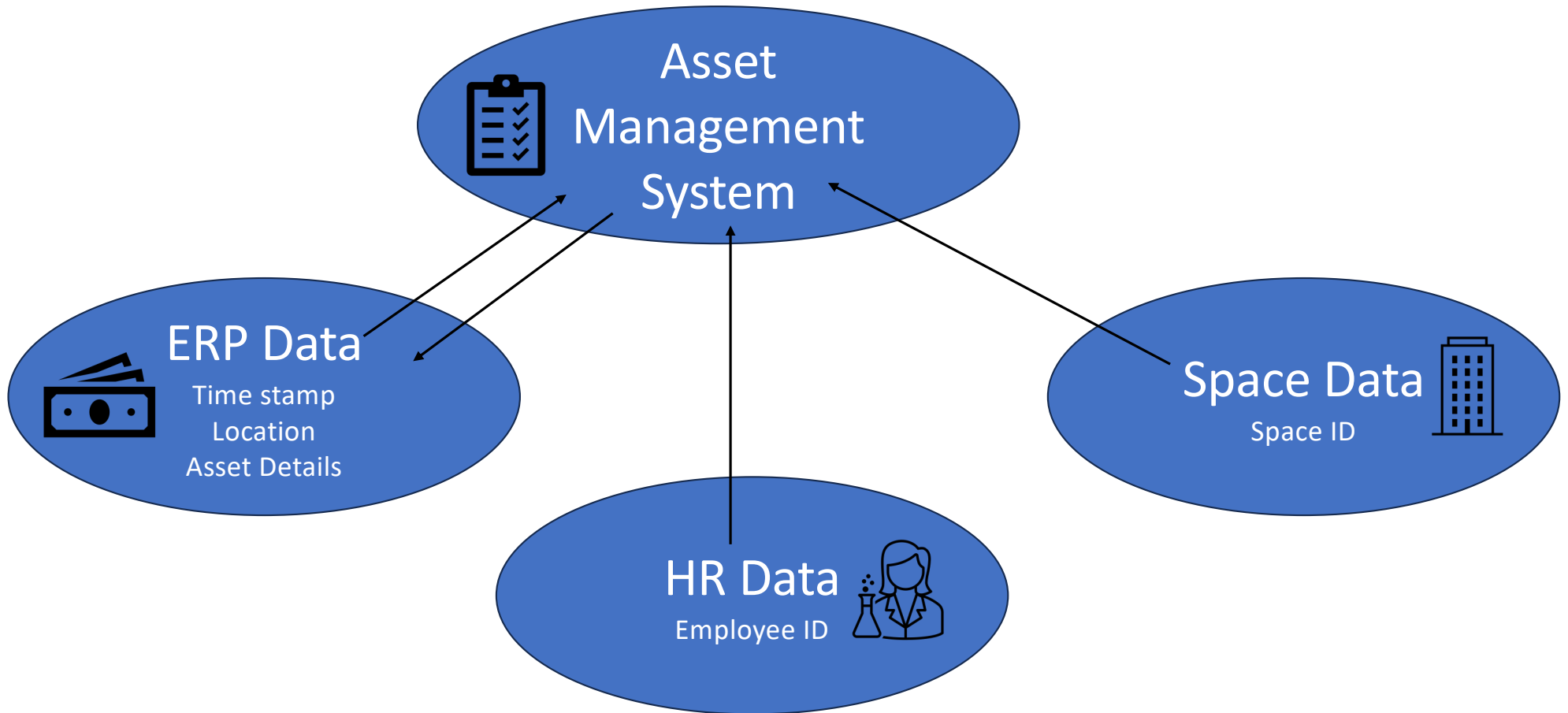


July 2016 Jeff/Assets

Actual Timeline

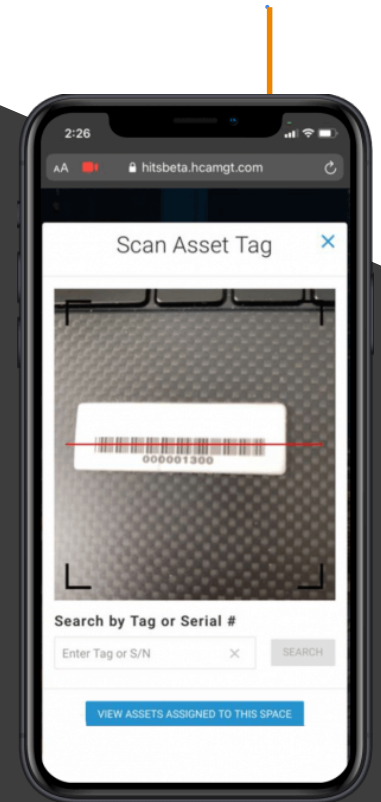


System Integration



Key Features to look for:

- Image and document upload at asset level
- Ability to reconcile missing assets on the spot in the field
- Bulk communication ability with asset lists
- Built in data validation to ensure clean data imports
- Up to the minute client specific job tracking and reporting
- Flexible mobile verification module



Help us review and locate these missing assets.

Select assets to make changes before verifying them in the field. You can also delegate these assets to others to complete the process.

No Building Assigned

- Monitor Encore 206 EL
- Radio Orion EDACS 806-870 MHz
- Remote Ems
- Ventilator BioMed MVP-10

Items per page: 25 1 - 4 of 4



Select Location

Select Building and Room

Enter partial building name and room, then click "Continue". If your building and/or room is not listed, add it by clicking "Add" and completing the form.

Building
BIOLOGY BUILDING (0018 BB)

Room
105

© 2020 HCA

Scan Asset Tag



Search by Tag or Serial

Enter Tag or S/N

Monitor Encore 206 EL

Tag: **586301**

Status Description: **Not Accounted**

Accounted By: **N/A**

Condition: **N/A**

Mfg: **X**

Model: **ProPaq206**

Serial: **DA028667**

Custodian: **Abboud, Francois** [Delegate](#)

Notes: **N/A**

Asset ID: **00131604**

Department: **Air and Mobile Critical Care/MCC Admin (732540000)**

Acq. Date: **Apr 25, 2005**

Acq. Cost: **\$16,925.00**

Radio Orion EDACS 806-870 MHz



RFID in Use

Institution	Asset Count	Number of Buildings/Rooms with assets	Number of Departments	Approx. R&D \$ FY21	Est. RFID Efficiencies
# 1	25,542	365 / 6K	694	\$ 1.6 B	30+%
# 2	28,177	423 / 8K	1,039	\$ 1 B	30+%
# 3	19,622	249 / 6K	731	\$ 989 M	50-60%
# 4	28,464	305 / 10K	1,536	\$ 553 M	30-40%

RFID Recommendations

Print both the asset number and either a QR or barcode on tag
(keep number easily visible)



Fully understand and train the staff applying the tags or
outsource to industry experts



Involve other departments (Disposition, EHS, IT, etc)
Review software capabilities and integration options
Review assets that may not need to be tagged
Investigate quality of tags

Contacts:



HCA Contacts:

Mike Fister (314) 775-3843

MFister@hcamgt.com

Mariana Traetta (913) 271-2546

Mtraetta@hcamgt.com

Greg Sheahan (941) 544-2369

GSheahan@hcamgt.com



Harvard Contact:

Jeff DiCiaccio, Senior Director of Strategic
Procurement, Harvard Medical School
(Office) 617-432-5333

jeff_diciaccio@hms.harvard.edu

Questions?
THANK YOU!



Wednesday, August 30th
NECA Conference Programming

Wednesday, Aug 30th
8:10 am - 12:00 pm



1.3 and Me – Campus “DNA” and the UCA

Monika Moses, PE Leader, Attain Partners

Tony Benigno Specialist Leader, Attain Partners

Brian Kimball, Associate Director, Harvard Medical School

Thanh Tran Cost Analyst, Harvard University

Fabrizio Carucci Associate Vice President, Research Policy and Indirect Cost, Columbia University

Wednesday, Aug 30th

8:10 am - 9:00 am

Presenters:



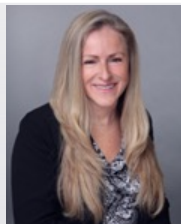
Brian Kimball
Associate Director
Harvard Medical School



Thanh Tran
Cost Analyst
Harvard University



Fabrizio Carucci
Associate VP
Research Policy & Indirect Cost
Columbia University



Monika Moses
Specialist
Research Enterprise Services
Attain Partners

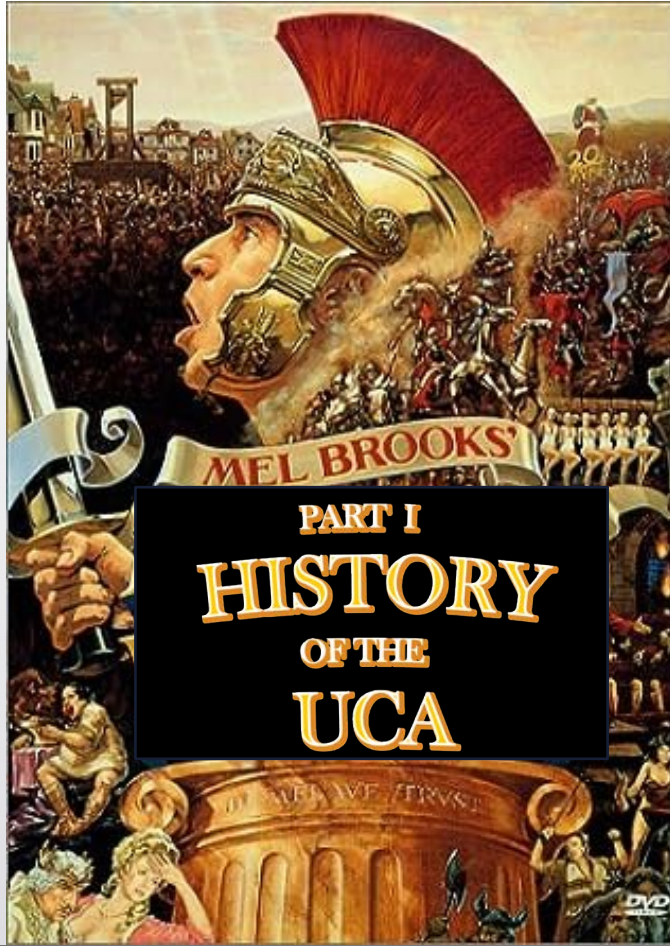


Tony Benigno
Specialist Leader
Research Enterprise Services
Attain Partners

1.3 and Me: Campus “DNA” and the UCA



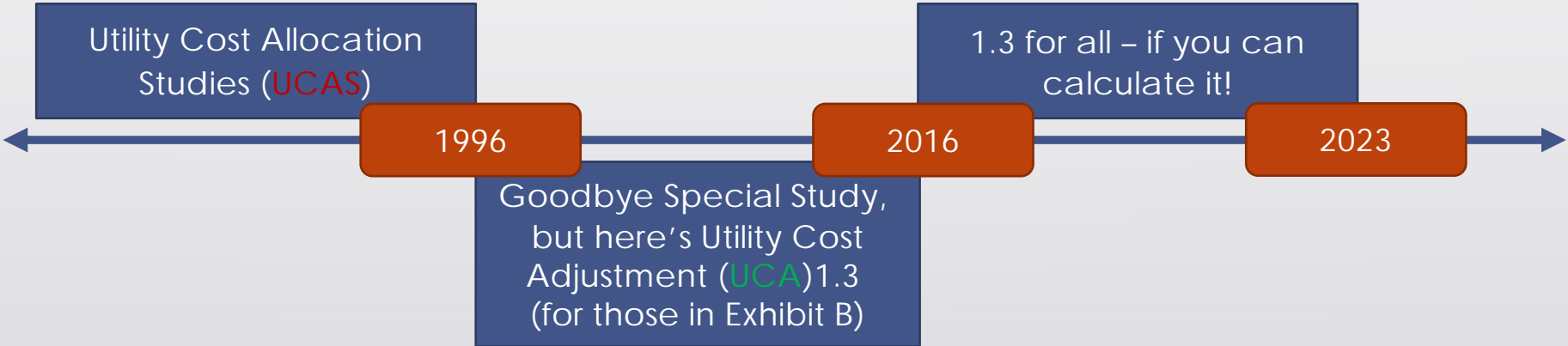
- 1) What brings us here today?
- 2) History of the UCA
- 3) Diving Deeper into the UCA – Examples and findings
- 4) Closing / Final Thoughts / Takeaways



////////////////////

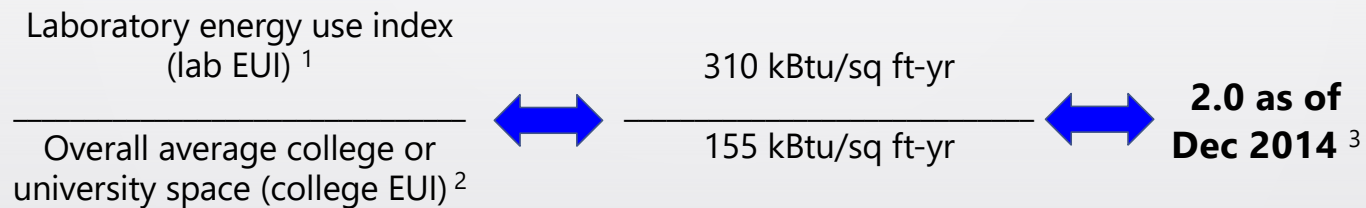
The Last 30+ Years in Two Minutes...

Most schools have set a UCA calculation baseline, now what?



That REUI thing – a 10,000 foot view

- Relative Energy Utilization Index (REUI)
- How it was derived:



Note 1: Lawrence Berkeley Laboratory "Labs for the 21st Century" benchmarking tool 310 based on 2012 database

Note 2: US Department of Energy "Buildings Energy Databook" 155kbtu/sf based on CBECS 2003 database

Note 3: Updated 1y < Review < 5

- Effective area (ESF) is calculated for multi function space where metering can't isolate utility cost to a single function.
- All Research Laboratory Area is multiplied by a Relative Energy Utilization Index (REUI).



The General UCA Equation

$$\frac{\sum[(\text{Building ESF } \%_{\text{OR}} - \text{Building ASF } \%_{\text{OR}}) \times \text{Building Utility}]}{\text{On-Campus Research Base}} = \text{UCA}$$

1. Allocate your utility related costs to building using unweighted space.
2. For all multifunction buildings where metering can't isolate utility costs to a single function, allocate your utility related costs to building using weighted space: Research Lab area x Research Energy Use Index (REUI)
3. Delta of the two allocations over the Research MTDC.
4. The UCA is capped at 1.3 points.



II. Diving Deeper Into the UCA



Level Setting

- Ways to Evaluate Potential UCA Calculation
 - Micro Question: In UCA calculations – what is the optimal building composition to maximize impact?
 - Macro Questions: Once we can identify the optimal buildings - What are the characteristics of a campus' space and cost composition that calculate to 1.3 UCA cap?
- Assumptions that we won't explore:
 - You are metering as efficiently as possible
 - You are pooling costs as efficiently as your financial data provides
 - UCA metrics specified in UG are unchanged (1.3% cap, 2.0 REIU, etc.)
 - Room Types are set up correctly
 - You have achieved a space-base match



Analysis Methodology

- Your campus has “UCA Intensive” Buildings
 - You need buildings with space that is impacted by the ESF factor
- Buildings that meet criteria 1 are Utility intensive
 - Those buildings need to have sufficient utility costs to realize a \$ allocation bump
- The increase of Utility from the UCA compared to Research Base provides enough “head room”
 - If base is too big – you’ll never get to 1.3



The General UCA Equation - Revisited

You need Buildings that
Maximize this calculation
(UCA Intensive Building)

Those buildings need
to be utility intensive

$$\sum[(\text{Building ESF } \%_{\text{OR}} - \text{Building ASF } \%_{\text{OR}}) \times \text{Building Utility}]$$

On-Campus Research Base

The ratio of
utilities to base
must provide
"head room"



Definition: UCA Intensive Building

- Lab Space: Research Laboratory space includes wet and dry labs and lab support rooms such as cold rooms and dark rooms. (Typically FICM codes 25X)
- UCA Intensive Building : A building whose Organized Research survey percentage increase by 4% or more when surveying on Effective Square Footage.

Is there An "Ideal Building" for the UCA

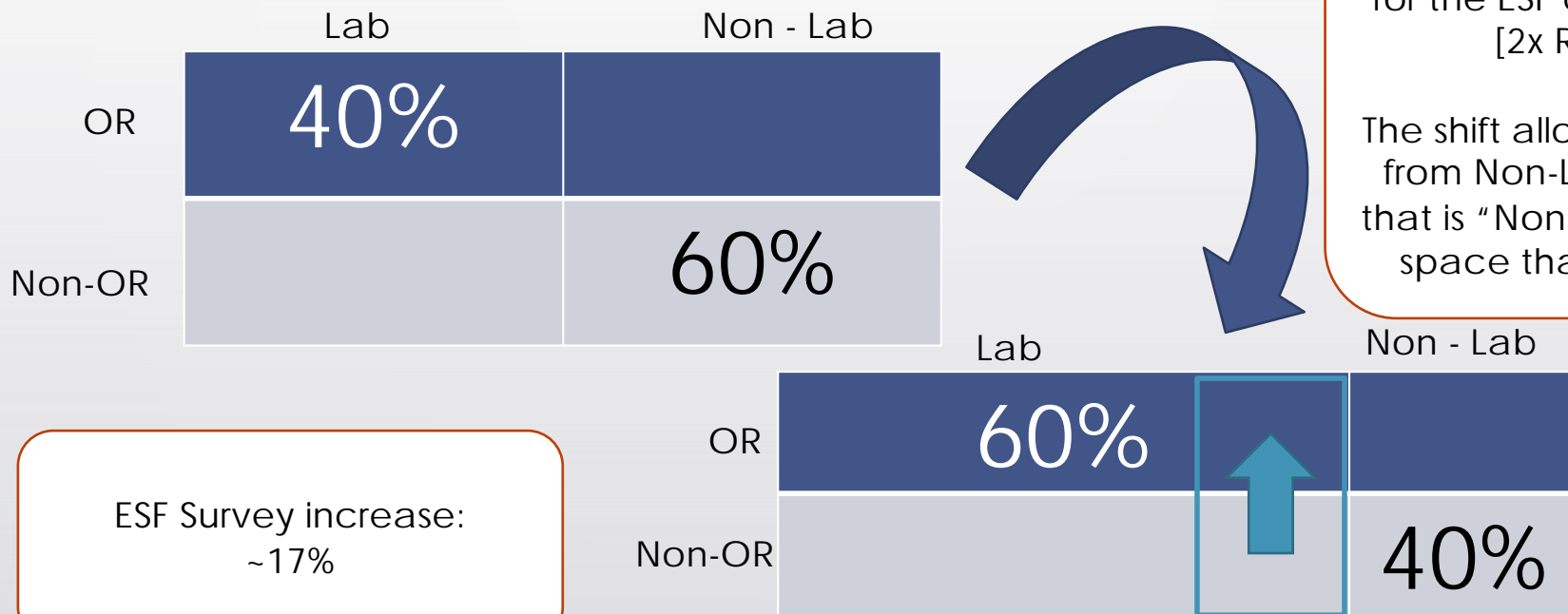
- Simplify into two binary measures
 - Is the space Lab or non-lab
Lab Space will double for the Utility calculation
 - Is the space Used for Organized Research?
 - Is it concentrated in labs or dispersed between lab and non-lab space?
 - Is there an ideal ratio of space across quadrants?
 - Assumption – Wet Lab Building

	Lab	Non - Lab
OR	40%	
Non OR		60%

You need research in the building's labs, but there also needs to be non-OR space to "draw" from

Disclaimer: This is not a realistic building!

"The Math" Behind the Ideal Building



Disclaimer: This is not a realistic building!

Example Building 1

- ~305k ASF
- Research: Biomedical Research; Moderate building utility cost density
- Non-Lab: Conference Center, Leased Space, Café, Gym
- Size comparative to campus ~ 25% of total ASF

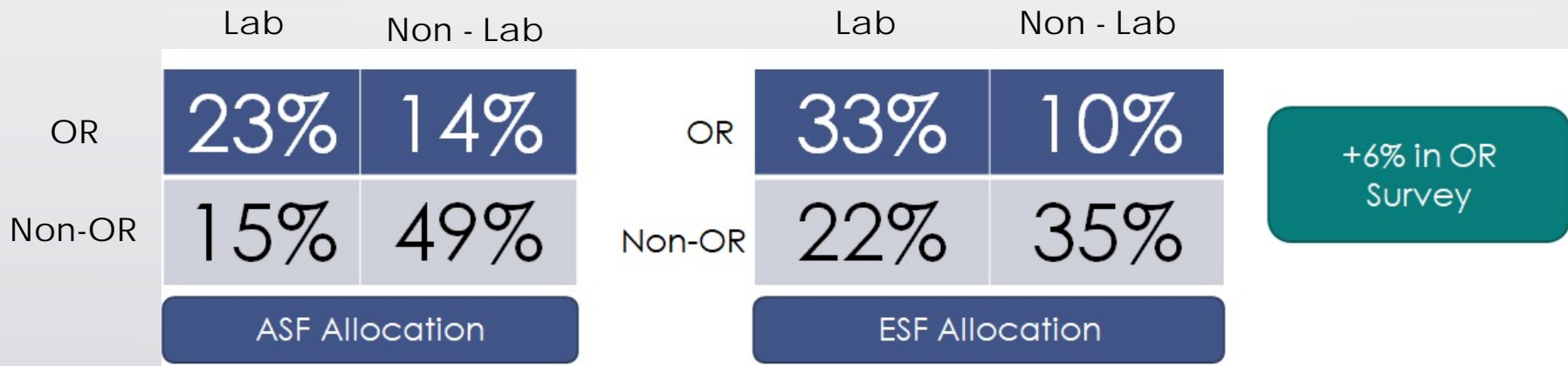
	Lab	Non - Lab
OR	27%	7%
Non-OR	16%	50%
ASF Allocation		

	Lab	Non - Lab
OR	38%	5%
Non-OR	22%	35%
ESF Allocation		

+9% in OR Survey

Example Building 2

- ~ 21K ASF
- Research: Engineering. This is a medium density research building
- Non-Lab: Classroom, Admin Space
- Size comparative to campus – .75% of local campus ASF,



Example Building 3 & 4

Two campuses - one combined rate

- ~85,000 ASF
- Research: Biology, Chemistry, Chem/Bio Engineering; High building utility cost density
- Non-Lab: Café, vacant space
- Size comparative to campus – 2.3% of local campus ASF, 1.6% of combined campus

	Lab	Non - Lab		Lab	Non - Lab
OR	40%	11%	OR	53%	7%
Non-OR	12%	37%	Non-OR	15%	25%

ASF Allocation ESF Allocation

+9% in OR Survey

- ~250,000 ASF
- Research: Wet Lab intense, Microbiology, vivarium; High utility costs density
- Non-Lab: Community Space, Leased Space, Climbing Gym, Café
- Size comparative to campus – 82% of local campus ASF, 5% of combined campus

	Lab	Non - Lab		Lab	Non - Lab
OR	28%	23%	OR	38%	15%
Non-OR	22%	27%	Non-OR	29%	18%

ASF Allocation ESF Allocation

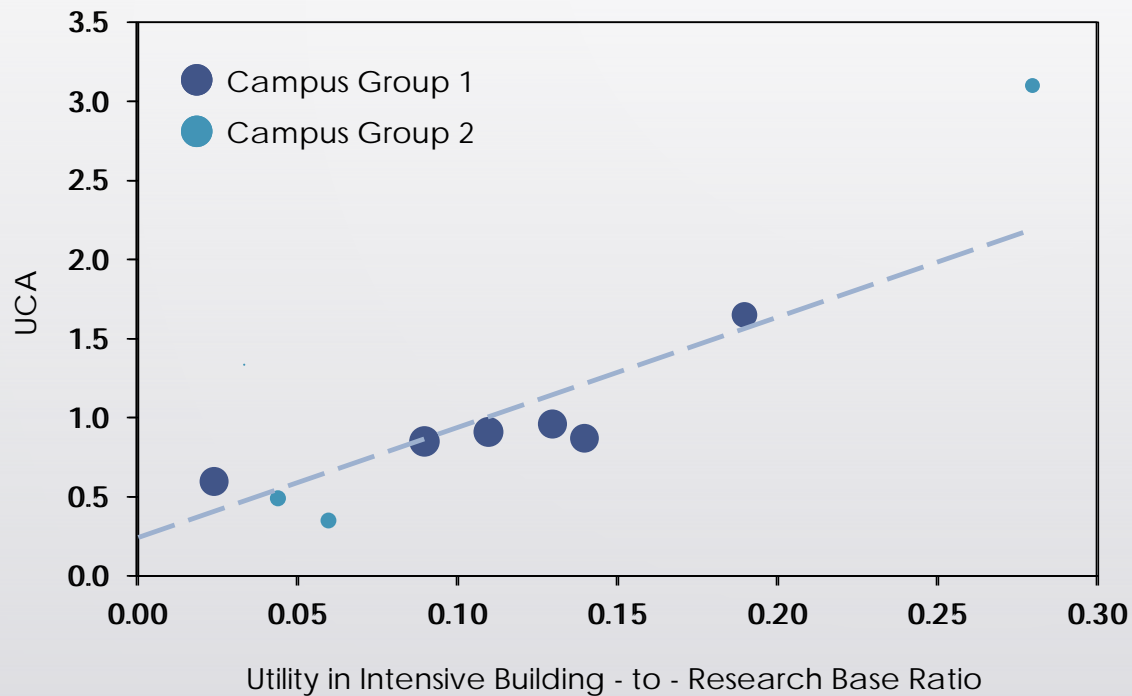
+2% in OR Survey



Concentration of Utility Costs

- There should be some link with your UCA eligible buildings and utility cost density
- Lab buildings are inherently more energy intensive as compared to admin classroom (energy in air, wet labs typically require 100% OA)
- The lab space will drive the utility cost in Mixed Use Buildings
 - You need research in the building's labs, but there also needs to be non-OR space to "draw" from to generate the cost delta
 - By doubling the lab space you are pulling the costs from the mixed-use space into the lab
 - This attempts to replace what the old UCAS studies achieved

Utilities in Research Intensive Buildings Compared to your Research Base



- Utilities in Intensive Buildings – to – research base: What is the ratio of utility cost in intensive buildings compared to your research base?
- Size of icon = % of space in UCA impacted buildings
 - Grouping 1 : >65% of space in UCA impacted buildings
 - Grouping 2 : < 30% of space in UCA impacted buildings
- While there will always be “noise” from your unique campus make-up, we do see a correlation between this ratio and the calculated UCA
- There is no real “magic bullet” but focusing on the aspects of the UCA calculation can shed some light.



III. Closing /Final Thoughts / Takeaways



Putting it all together

- Campuses are all unique. There is no single magic bullet.
- Accurately getting **utility costs allocated to buildings**.
- The survey of those spaces vs. the other spaces in the building will still drive the overall impact – Make sure you have a good **space** study and QA.
- A large research **base** relative to the utility cost can essentially make it impossible to get to a UCA of 1.3
- The objective is to defensibly MAXIMIZE the recovery of utility cost from the cumulative results of the normal allocation of cost PLUS the UCA.
 - Just because you aren't getting to 1.3 does not mean you aren't maximizing costs allocated to research
 - Vice Versa – just because you get to 1.3 does not mean you're done
- REUI (2.0) is overdue for review. The two datasets have changed. IHE utility energy densities appear to be dropping at a disproportionate rate to labs.



Thank you for your time! Have questions?

- **Brian Kimball** Associate Director, Harvard Medical School
617.432.5637 | brian_kimball@hms.harvard.edu
- **Thanh Tran** Cost Analyst, Harvard University
617.496.4771 | thanh_tran@harvard.edu
- **Fabrizio Carucci** Associate Vice President, Research Policy and Indirect Cost, Columbia University
212.854.1049 | fc2586@adcu.columbia.edu
- **Monika Moses, PE** Leader Attain Partners
631.682.0070 | mmoses@attainpartners.com
- **Tony Benigno** Specialist Leader, Attain Partners
860.237.9045 | ambenigno@attainpartners.com



Appendix

A lower UCA may not be a bad thing

Case Study 1 Formerly Received UCA of 1.3 under OMB A21 Comparison of Allocation Models with the UCA (MTDC = \$53M)						
Allocation Bases	Allocation to OR of U&UR \$	UCA Impact on Cost to OR				Total \$ to OR (POINTS)
	(A) Same methodology pre/post UG	(B) Allocation to OR applying REUI	(C) UCA Calculated (B - A) / MTDC	(D) UCA Capped at 1.3	(E) Cost to OR	(D) Combined Impact (A + E)
Default - Campus Wide	\$1,783,464	\$2,226,324	0.84	0.84	\$445,200	\$2,228,664 (4.2)
Recommended Allocation based on Meters	<u>\$2,192,066</u>	\$2,576,500	0.73	0.73	<u>\$386,900</u>	<u>\$2,578,966</u> (4.9)
Impact (Meter - Campus Wide)	\$408,602				(\$58,300)	\$350,302 (0.7)

- Total increase in Utility and Utility related cost is 0.7 points or **\$350,000**.



Council on Governmental Relations (COGR) Update

Sarah Axelrod, AVP Office for Sponsored Programs, Harvard University
COGR Board Member & Chair of the Costing & Financial Compliance (CFC) Committee

Wednesday, Aug 30th
9:00 am - 9:50 am

COGR Update - NECA

August 2023

The logo for COGR, consisting of the letters 'COGR' in a bold, blue, sans-serif font. A thin red horizontal line is positioned below the letters.

Presented by COGR Board Member

Sarah T Axelrod, Harvard University



www.cogr.edu



www.linkedin.com/company/cogr

COGR Overview & Mission

- Established 1948: Today, 200+ member institutions and staff of seven
- COGR is a national expert on the crucial issues around research compliance, ethics, technology transfer, and financial sustainability. We work closely with federal funding and oversight agencies to ensure the nation's scientists and investigators can deliver the cutting-edge research necessary to make the world and nation a better place.
- Active Board and Committees, ~45 individuals from member institutions
- Regular collaboration with higher ed associations and other partners
- ***New COGR member portal now available at cogr.edu***

Key Issues Overview

Costing Related (Agenda Items)

- Cost of Compliance
- F&A
- 2 CFR 200 (Uniform Guidance)
- OMB
- Costing and Audit
- Cloud Computing
- Other Costing Issues

Other COGR Focus Areas

- Science & Security
- Data Sharing Plans

COGR Cost of Compliance Studies

Survey on the Costs of Complying with Research Security Disclosure Requirements – October 2022:

*The projected year one, average total cost per institution for compliance with the Disclosure Standards, regardless of institutional size, is significant and concerning. The figure ranges from an average of over \$100,000 for smaller institutions to over \$400,000 for mid-size and large institutions ... **and smaller research institutions with less developed compliance infrastructure may be disproportionately affected.***

Costs of Complying with NIH Data Management & Sharing Policy – May 2023:

*COGR surveyed 34 member institutions and found that while the full cost impact may not be fully recognized for several years, initial analysis indicates cost impact will exceed \$500,000 per institution at the central administrative level, while also exceeding \$500,000 per institution at the academic (PI) level ... **the cost impact is significant and will most adversely impact smaller and emerging research institutions.***

Minimizing Burden / How to Pay?

- Leverage the ***Administrative Procedures Act (APA)*** to ensure an adequate public comment process prior to implementation of any new rules.
- ***Honest community reflection*** on 2 CFR Part 200 and administrative cost recovery limitations that impact IHEs only. Emphasize the importance of the federal government honoring its commitment to assume its ***“fair share”*** of cost burden.
- Continue to engage with stakeholders to gather data on the ***impact of new administrative and compliance requirements in terms of administrative/cost burden***, as well as assessing the effectiveness of such measures. Based on data, determine if the “return” from these measures aligns with the “investment” institutions are being called upon to make.

Facilities & Administrative (F&A)

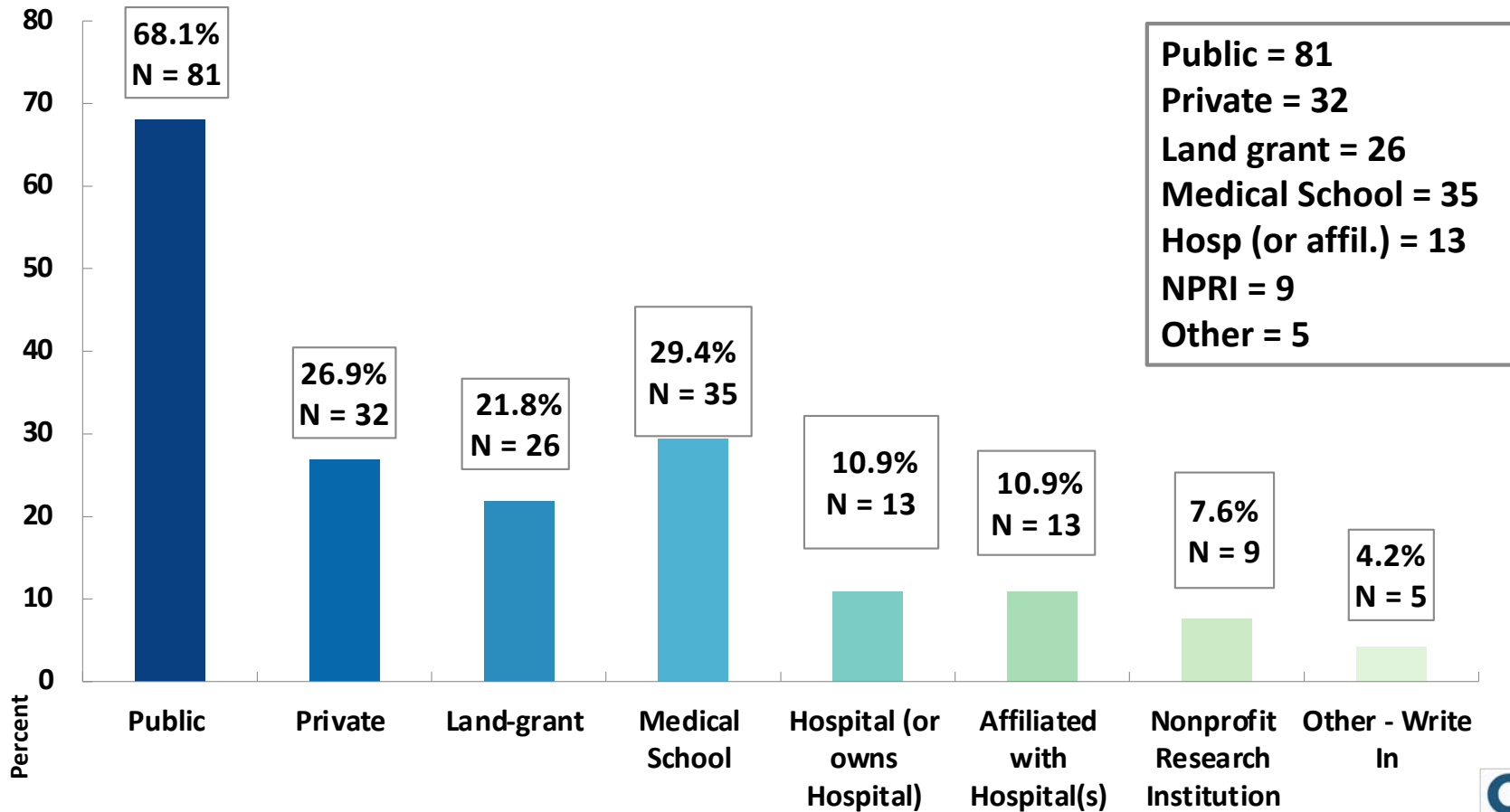
- COGR F&A Cost Rate Survey completed in May
- Preliminary findings presented at the COGR meeting in June
- Limited raw data made available to COGR members in early August
- Additional analysis and final report(s) later in the Fall
- Other COGR F&A related documents:
 - *F&A Cost Rates and Reimbursement Pressures Under COVID-19: Maintaining a Fair and Reliable System* (April 2021)
 - *Excellence in Research: The Funding Model, F&A Reimbursement, and Why the System Works* (April 2019)

Facilities & Administrative (F&A)

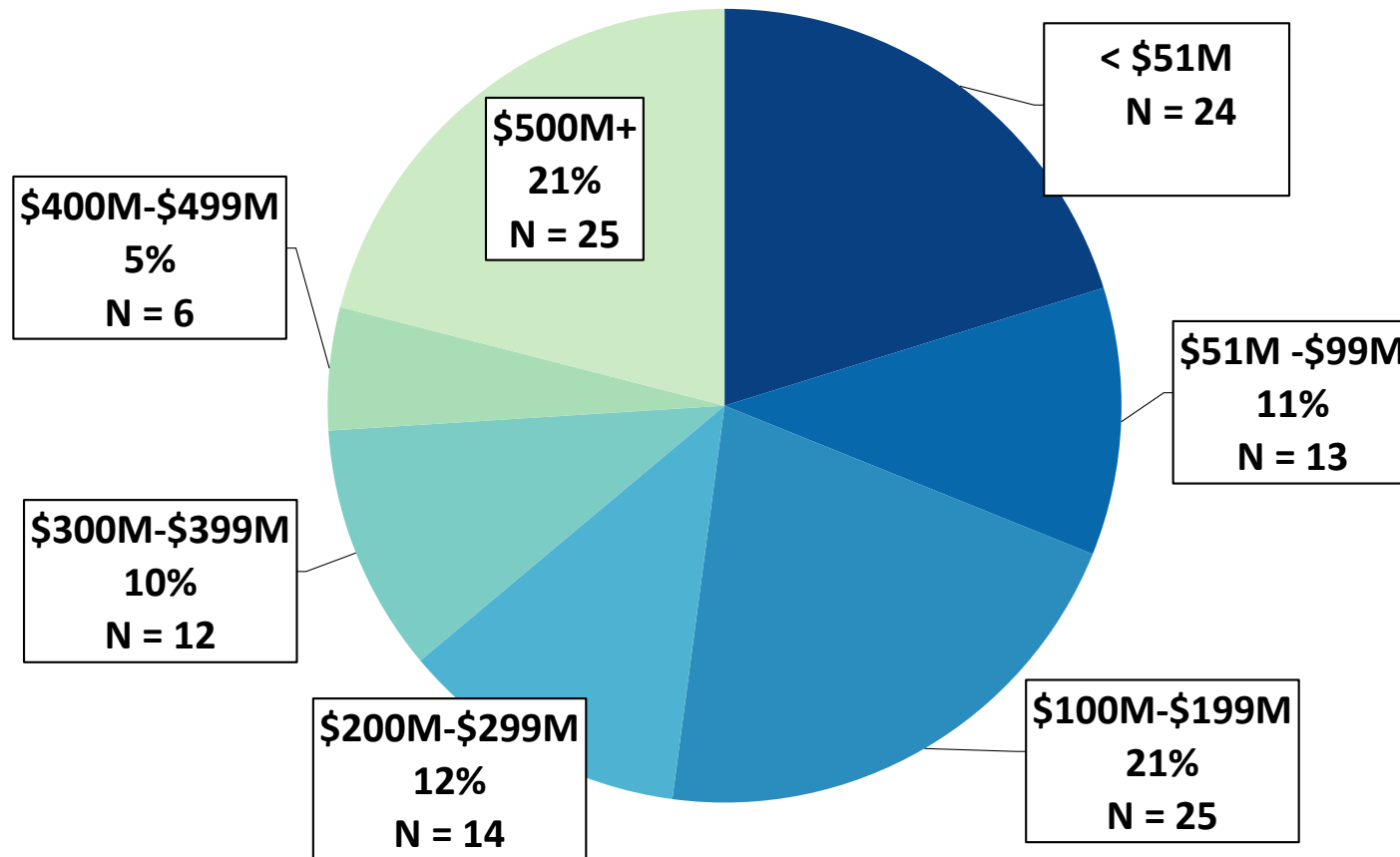
Survey Overview

- Prior F&A survey conducted in 2016-2017
- 2023 conducted from January to April 2023
- 119 respondents
- Primary goals
 - Benchmarking
 - Advocacy

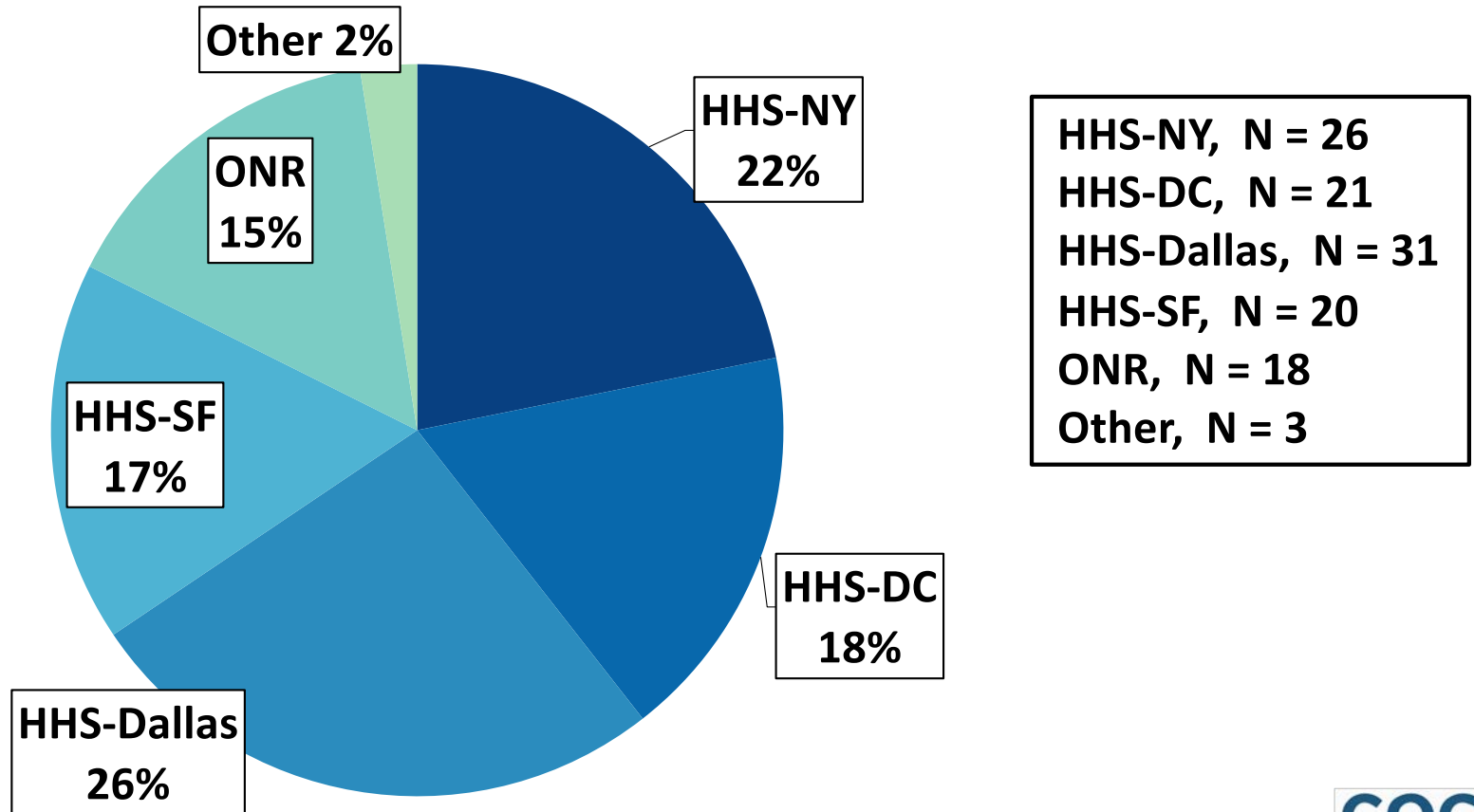
F&A Survey – Profile of 119 Respondents



F&A Survey – Federal R&D Expenditures



F&A Survey – Cognizant Agency



F&A Survey – Proposed vs. Current Rates

Scope	# of Institutions	Total Proposed Admin	Uncapped Proposed Rate	Current Negotiated Rate	Difference in Uncapped to Negotiated Rate
All	114	36.4%	70.7%	56.6%	14.1%
Public	77	35.5%	69.6%	55.0%	14.6%
Private	32	38.8%	73.7%	60.3%	13.4%
Med School	34	32.9%	68.5%	57.2%	11.3%
HHS	93	36.1%	71.2%	56.5%	14.6%
ONR	18	38.1%	69.3%	58.1%	11.2%

NOTES:

- All percentages represent averages for each cohort
- Draft Preliminary Data

F&A Survey – Proposed vs. Current Rates

NSF HERD - Federal R&D	# of Institutions	Total Proposed Admin	Uncapped Proposed Rate	Current Negotiated Rate	Difference in Uncapped to Negotiated Rate
<\$50M	23	42.2%	76.1%	54.1%	22.0%
\$51M-\$99M	13	38.8%	73.4%	55.7%	17.7%
\$100M-\$199M	24	37.6%	68.4%	55.0%	13.5%
\$200M-\$400M	24	33.4%	71.1%	59.5%	11.7%
\$>400M	30	32.5%	66.9%	58.1%	8.8%

NOTES:

- *All percentages represent averages for each cohort*
- *Draft Preliminary Data*

F&A Survey – Proposed Admin Components

Scope	# of Institutions	Proposed G&A	Proposed DA	Proposed SPA
All	114	9.74	17.23	8.97
Public	77	9.42	17.33	8.44
Private	32	9.81	17.54	10.57
Med School	34	8.09	17.54	7.09
HHS Cog Audit	93	9.39	17.32	9.29
ONR Cog Aud	18	11.58	16.59	7.37
<\$50M	23	10.86	16.72	15.46
\$51M-\$99M	13	11.20	17.47	10.11
\$100M-\$199M	24	10.92	16.18	9.00
\$200M-\$400M	24	9.56	17.08	6.60
\$>400M	30	7.46	18.48	5.61

NOTES:

- *All data represent average % for each cohort Draft Preliminary Data*
- *Does not include Other or Student Service Admin*

F&A Survey – Other Topics on Survey

DS-2 Status (and use of)

Extension Request Experience

Negotiations

Use of Consultants

In-house Expertise

In-house Staffing (FTEs)

Institutional Policies

Off-year Calculations

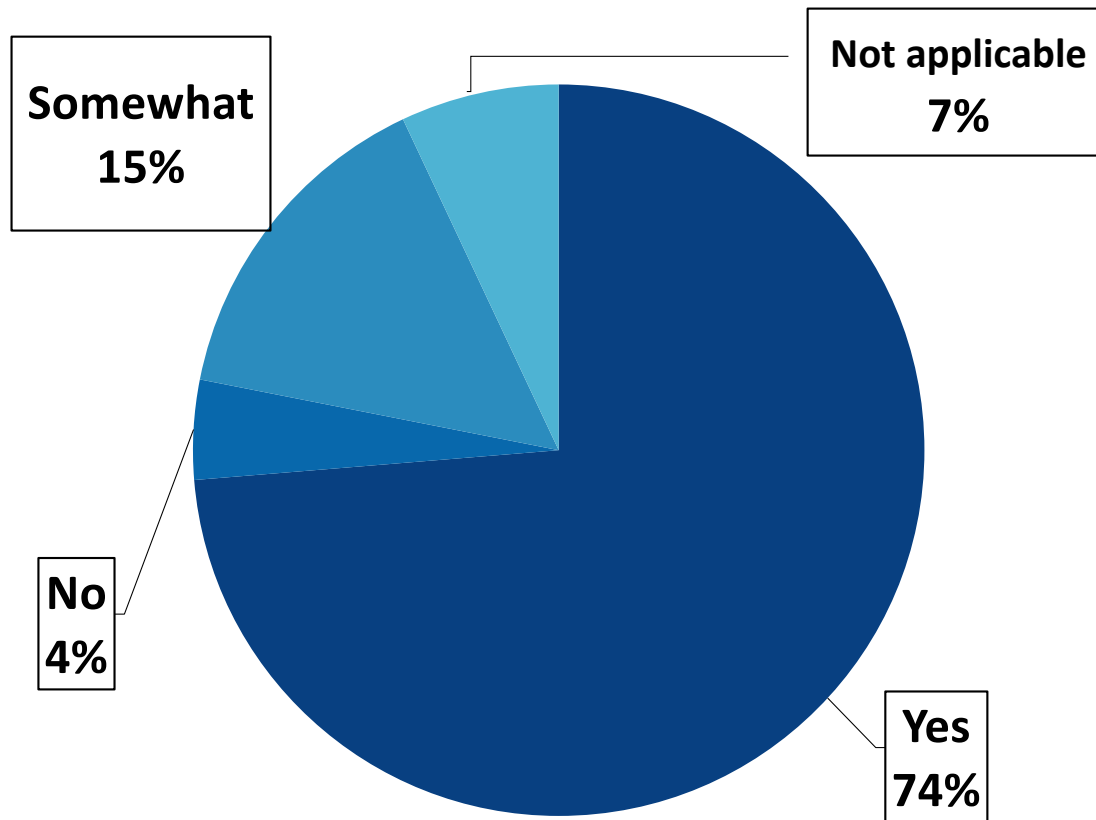
Clinical Trials and F&A

Charging Benefits

F&A Waiver Policies

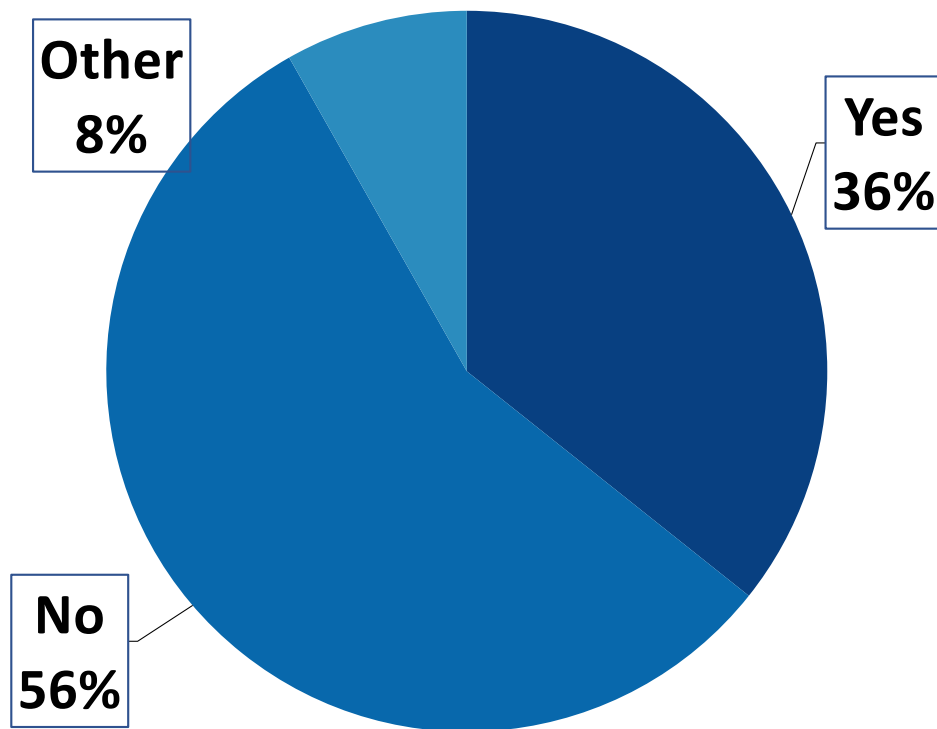
Effective F&A Recovery

F&A Survey – Recent Negotiations Fair and Reasonable?



Yes, N = 84
No, N = 5
Somewhat, N = 17
NA = 8

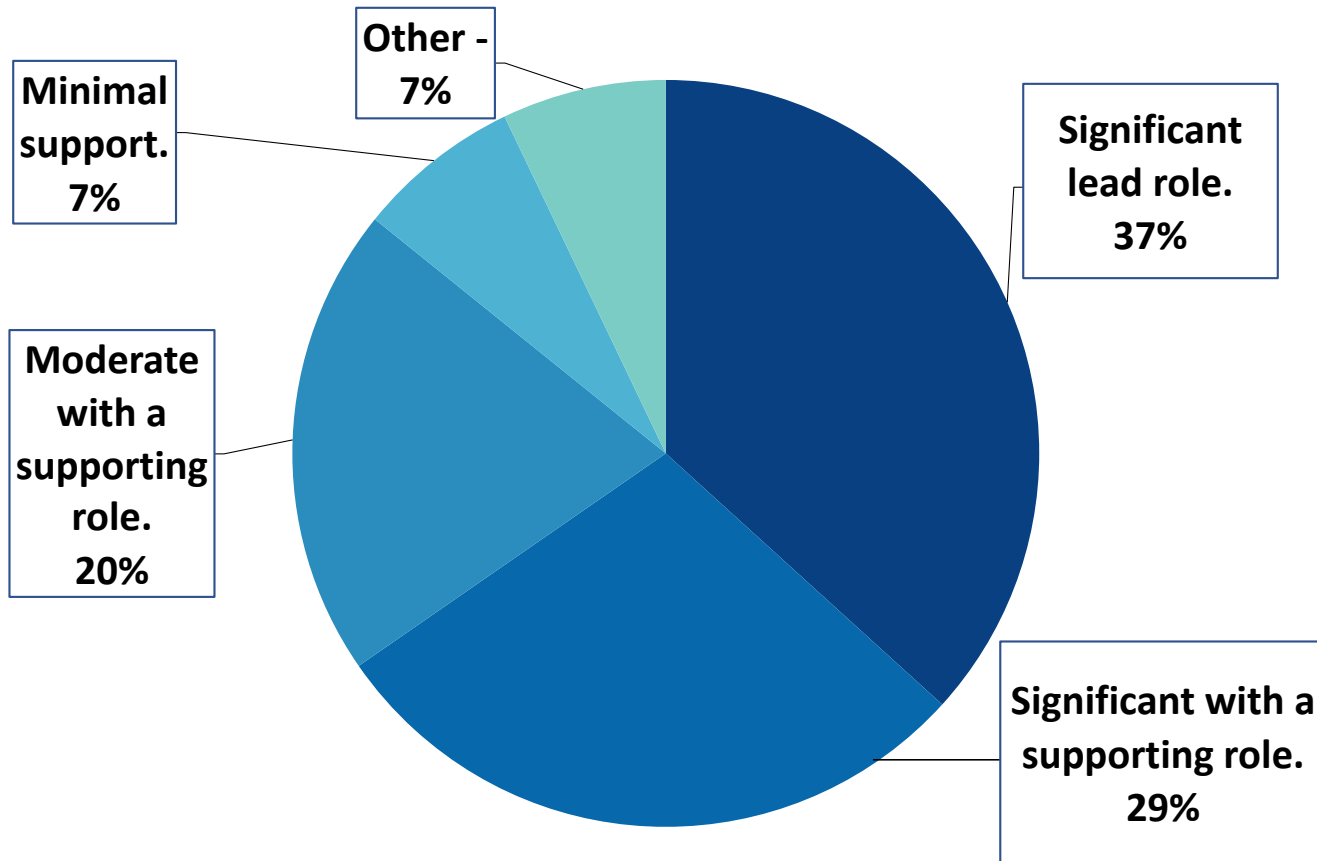
F&A Survey – DS-2 Requested in Past 5 Years?



Yes, N = 35
No, N = 55
Other, N = 8

NOTE: > 90 percent of
“Yes’s” related to the
single audit and/ or a
CAS/ONR inquiry.

F&A Survey – Role of Consultants (in most recent proposal cycle)



NOTE: Of original 119 respondents, 98 indicated “Yes, we use consultants,” and 21 indicated “No.”

2 CFR Part 200 - Uniform Guidance (UG)

- OMB sent out a [Request for Information](#) (RFI) on February 9, 2023
- Responses due March 13, 2023, with a restriction of 7 pages or 2,500 words
- COGR responded with a letter on March 13, 2023
- OMB will publish the draft revisions via a proposed rule in the Federal Register
- A 60 day comment period is anticipated
- Completion of this version slated to be published this calendar year

2 CFR Part 200 - Uniform Guidance (UG)

**COGR Meeting, Thursday June 8, 2023 – OMB Session - OFFM
(Office of Federal Financial Management):**

- ***Deidre Harrison, Deputy Controller***
- ***Steven Mackey, Policy Analyst***
- All comment letters/comments are being considered
- Goals of this Revision are to incorporate new statutory requirements, other appropriate policy changes (e.g., those that may reduce administrative burden), and conversion to “plain English” text
- The updates will not include changes to the Appendices
- Further and future updates will be timely and ongoing

2 CFR Part 200 (Uniform Guidance)

And by invitation from OMB - OFFM, COGR submitted [“Data-Driven Evidence Supporting Important Revisions”](#) – July 21, 2023

- 2023 COGR F&A Survey: **Over 90 percent** of responses support that the ***DS-2 is not an actively used document*** and can be eliminated.
- As demonstrated by COGR and the Association of Research Libraries (ARL), the library methodology in 2 CFR Part 200, Appendix III, B.8 is grossly outdated (1958!) and results in ***under-recovery of library expenses***.
- 2023 COGR F&A Survey: **Over 95 percent** of responses indicate most recent negotiation was “fair and reasonable.” However, 12 respondents (out of 119) indicate concern that ***F&A and/or fringe benefit rates have not been established in a timely manner***.

Costing & Audit

- 2023 Compliance Supplement: Longstanding concern on timing for requesting federal reimbursement finally is fixed!
- Federal OIG activity?
 - [HHS OIG Workplan and Publications](#) (new initiative, see below)
 - [NSF OIG Audit Reports](#) (consistent flow) and [NSF Management Responses](#)
- HHS OIG: *“We will determine whether NIH closed its grants in accordance with Federal requirements and departmental guidance. We will also determine which actions NIH took to address noncompliance with closeout requirements.”*
- Procurement Rebates (e.g., P-cards) – Either a direct cost on an award [2 CFR Part 200.413\(a\) – Direct Costs](#) and therefore an offset, or the lump sum must be refunded to the government annually.

Cloud Computing



- June 2015 COGR Meeting: The “Cloud” and F&A raised in a session led by Kelvin Droegemeier (VP for Research – U. of Oklahoma) and Randy Bryant (Asst. Dir. for IT R&D – OSTP).
- February 2019 COGR Meeting: The “Cloud” and F&A addressed in the context of [NSF 19-510](#), which prohibited the application of F&A to cloud computing costs.
- Key questions for today include: 1) magnitude of cloud costs in the MTDC base 2) are we fully accounting for all these costs 3) institutional policies 4) other

Other Costing Issues COGR is Monitoring

- ARPA-H F&A language: *“awards grants and cooperative agreements, which shall include requirements to publicly report indirect facilities and administrative costs, broken out by fixed capital costs, administrative overhead, and labor costs.”*
- Cost implications of the [NIH Notice on Subawards](#)
- Changing in the structures of Libraries and impacts on the F&A Library component
- Audit workplans: NIH, NASA, NSF

Q&A - Discussion



COGR Staff

- **Matt Owens**, President: mowens@cogr.edu
- **Toni Russo**, Policy & Member Engagement: trusso@cogr.edu
- **Mary Deans**, Administrative Officer: mdeans@cogr.edu
- **Robert Hardy**, Research Security & IP: rhardy@cogr.edu
- **David Kennedy**, Costing and Financial Compliance: dkennedy@cogr.edu
- **Krystal Toups**, Contracts & Grants Administration: ktoups@cogr.edu
- **Kristin West**, Research Ethics & Compliance: kwest@cogr.edu
- **Member Services**: memberservices@cogr.edu



Entities within the federal government who negotiate indirect cost rates

Mike Leonard, College and University National Specialist/Branch Chief, DHHS CAS

Mike Stanco, Branch Chief Hospitals & Non-Profits, DHHS CAS

Robert (Brian) Bradley, Director, Indirect Cost Branch, Office of Naval Research (ONR)

Wednesday, Aug 30th

10:00 am - 10:30 am

***Cognizance what
does it mean and
how is it
determined;
The entities within
the federal
government who
negotiate indirect
cost rates***

***Office of Naval Research (ONR) & Dept. of
Health & Human Services (DHHS)***

Presenters:

Robert (Brian) Bradley, Director, Indirect Cost
Branch, ONR

Mike Leonard, C&U National Specialist/Branch
Chief, DHHS

Mike Stanco, Branch Chief Hospitals & Non-
Profits, DHHS

NECA

Old Saybrook, CT

August 30, 2023

Cognizance what does it mean?



Cognizant agency for indirect costs

means the Federal agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals developed under this part on behalf of all Federal agencies. The cognizant agency for indirect cost is not necessarily the same as the cognizant agency for audit. (2 CFR part 200 Definition)

Major Duties of Cognizance



Cognizant agency for indirect costs

- Negotiates Indirect Cost Rates
- Responsible for Cost Accounting Standards Administration (if CAS covered)
- Responsible for Contract Audit Follow Up (CAFU) for Audit Findings Related to the Above Items (DoD)

Cognizant Agency Concept

OMB'S UNIFORM GUIDANCE UNDER TITLE 2 CFR 200 defines *Cognizant Agency for Negotiating Indirect Costs* as:



Cognizant Agency for indirect costs means the Federal Agency responsible for reviewing, negotiating, and approving the indirect cost rates and cost allocation plans on behalf of the Federal Government. ”



COGNIZANCE...

is based on the preponderance of funds received by the grantee organization from a federal agency.

Since multiple federal agencies give funds to grantee organizations, agency with the most funds awarded will be the cognizant agency.

Cognizant Agency Concept

OMB'S UNIFORM GUIDANCE

OMB has designated HHS to be the Cognizant Federal Agency (CFA) for reviewing/negotiating and approving Central Services Cost Allocation Plans for State and Local governments, Facilities & Administration rates for Colleges/Universities, Patient Care rates for Hospitals and Indirect Cost rates for Non-Profit Organizations, on behalf of the Federal government

HHS
COGNIZANCE

Cognizant Agency Concept

OMB'S UNIFORM GUIDANCE

OMB has designated ONR to be one of the Cognizant Federal Agency (CFA) for reviewing/negotiating Facilities & Administration rates for Colleges/Universities, and Indirect Cost rates for Non-Profit Organizations (administered by ONR field offices), on behalf of the Federal government

ONR
COGNIZANCE

Cognizance, how is it determined



It Depends on the Type of Entity

Educational
Institutions
2CFR
Appendix III to
Part 200, C.11.

a. Cognizant agency for indirect costs is defined in Subpart A. (1) Cost negotiation cognizance is assigned to the Department of Health and Human Services (HHS) or the Department of Defense's Office of Naval Research (DOD), normally depending on which of the two agencies (HHS or DOD) provides more funds directly to the educational institution for the most recent three years. Information on funding must be derived from relevant data gathered by the National Science Foundation. In cases where neither HHS nor DOD provides Federal funding directly to an educational institution, the cognizant agency for indirect costs assignment must default to HHS.

Notwithstanding the method for cognizance determination described in this section, other arrangements for cognizance of a particular educational institution may also be based in part on the types of research performed at the educational institution and must be decided based on mutual agreement between HHS and DOD.

Educational
Institutions
2CFR
Appendix III to
Part 200, C.11.

a. Cognizant agency for indirect costs is defined in Subpart A.

(2) After cognizance is established, it must continue for a five-year period.



HHS College & University Grantees

LONG-FORMS

291

SHORT-FORMS

Approximately **1,700**
Includes foreign institutions and TRIO-only
with 8% capped rates



ONR College & University Entities

LONG-FORMS

27

SHORT-FORMS

11



ONR College & University Entities

Alaska

Caltech*

Capitol College (SF)

New Mexico State University*

Lehigh U.

Norwich University (SF)

Old Dominion University

Virginia Institute of Marine Science

Colorado School of Mines

Illinois - Chicago*

Illinois - Springfield (SF)

Illinois - Urbana Champaign*

Oklahoma State University

Schoolcraft College (SF)

Stanford University*

Webb Institute (SF)



ONR College & University Entities

William and Mary

Georgia Tech*

Mercer U.

Michigan Technological U.

Penn State U.*

Rensselaer Polytechnic Institute

Southwestern College (SF)

Worcester Polytechnic Institute

Bradley University (SF)

Virginia Military Research Labs (SF)

Virginia Tech

Texas Tech U.

U. of Dayton*

U. of Denver



ONR College & University Entities

University of Scranton (SF)

MIT*

New Mexico Inst of Mining & Tech

Carnegie Mellon U.*

George Mason U.

Louisiana Tech U. (SF)

Saginaw Valley State University (SF)

Stevens Institute of Technology

Non-Profits
2CFR
Appendix IV to
Part 200, C.2.a.

Negotiation and Approval of Rates

a. Unless different arrangements are agreed to by the Federal agencies concerned, the Federal agency with the largest dollar value of Federal awards with an organization will be designated as the cognizant agency for indirect costs for the negotiation and approval of the indirect cost rates and, where necessary, other rates such as fringe benefit and computer charge-out rates.....

Non-Profits
2CFR
Appendix IV to
Part 200, C.2.a.

Negotiation and Approval of Rates

a.Once an agency is assigned cognizance for a particular nonprofit organization, the assignment will not be changed unless there is a shift in the dollar volume of the Federal awards to the organization for at least three years. All concerned Federal agencies must be given the opportunity to participate in the negotiation process but, after a rate has been agreed upon, it will be accepted by all Federal agencies.....

Non-Profits
2CFR
Appendix IV to
Part 200, C.2.a.

Negotiation and Approval of Rates

a. When a Federal agency has reason to believe that special operating factors affecting its Federal awards necessitate special indirect cost rates in accordance with section B.5 of this Appendix, it will, prior to the time the rates are negotiated, notify the cognizant agency for indirect costs. (See also § 200.414 Indirect (F&A) costs of Part 200.)



INDIRECT
COST
GROUP

Federal
Agencies
Involved

Agency Name

- US Dept. of Education (ED)
- US Dept. of Health of Human Services (HHS)
- US Dept. of Defense Office of Naval Research (ONR)
- US Dept. of Housing and Urban Development (HUD)
- US Dept. of Labor (DOL)
- US Dept. of Interior (DOI)
- US Dept. of Energy (DOE)
- US Agency for International Development (USAID)
- US Dept. of Justice (DOJ)

HHS Negotiating for Non-HHS Grantees (Active)

Agency Name	Program Office/Division Name
US Dept. of Agriculture (USDA)	Natural Resources Conservation Service (NRCS)
US Dept. of Homeland Security (DHS)	Federal Emergency Management Agency (FEMA)
US Dept. of Housing and Urban Development (HUD)	Office of Community Planning and Development (CPD)
US Dept. of Housing and Urban Development (HUD)	Office of Fair Housing and Equal Opportunity (FHEO), Fair Housing Initiatives Program (FHIP)

HHS
 Negotiating for
 Non-HHS
 Grantees (Prior
 or Pending)

Agency Name	Program Office/Division Name
US Dept. of Housing and Urban Development (HUD)	Office of Public and Indian Housing (PIH)
US Dept. of Housing and Urban Development (HUD)	Office of Lead Hazard Control and Healthy Homes (OLHCHH)
US Dept. of Housing and Urban Development (HUD)	Office of Housing Counseling (OHC)
US Dept. of Defense (DOD)	Washington Headquarters Services (WHS)
US Dept. of Defense (DOD)	US Army Garrisons (USAG)
US Dept. of Transportation (DOT)	Federal Aviation Administration (FAA)
US Dept. of Transportation (DOT)	Pipeline and Hazardous Materials Safety Administration (PHMSA)



Federal Panel Q&A Session

Panelists/Participants:

***Robert (Brian) Bradley** (ONR)*

***Steven DeGroff and Tiffany Friguletto** (HHS OIG)*

***Mike Leonard and Mike Stanco** (HHS CAS)*

***Kelly Stefanko and/or Lisa Tseng** (NSF OIG)*

***Charlotte D. Grant-Cobb and Liz DeHart** (NSF RAM-DIAS)*

Moderator:

***Gil Tran**, Strategic Grants Management and Compliance Leader,
Attain Partners (OMB Emeritus)*

Wednesday, Aug 30th

10:30 am - 12:00 pm

About the moderator: Gilbert Hai Tran, CPA



Sr. policy analyst with the Executive Office of the President, Office of Management & Budget (OMB)



Served as the point of contact for all Federal agencies on the implementation / interpretation of the 2 CFR 200 (Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards).



Also served as a liaison to the audit communities, including GAO and the IG Offices for the implementation of the Single Audit Act. He joined Office of Federal Financial Management (OFFM) in February 1995.

His past experience in financial and grant management includes:

- Three years with the Department of Health and Human Services, Division of Cost Allocation as a senior cost negotiator and manager of the State and Local Government Branch in Washington, D.C.
- Eight years as manager with KPMG Peat Marwick - Grant Management Services in Washington, D.C.
- Four years with Georgetown University as a senior financial officer, Office of Sponsored Programs.
- Gil received a Bachelor of Science degree in Accounting from George Mason University, Virginia. He is a Certified Public Accountant and a member of the American Institute of Certified Public Accountant.
- He chaired the Diversity Committee for the U.S. Tennis Association (Mid-Atlantic Section).

2023 NECA Questions Summary

Miscellaneous

1. Treatment of Net Investment Income Tax (NIIT), the ‘Endowment Tax’ included in F&A? GA? [200.470 Taxes \(including Value Added Tax\)](#)
2. Application of F&A Rates for multi-year NIH project- [Appendix III – C.7 – Fixed Rates for the life of the Sponsored Agreement](#)
3. Use of O&M Sub-Pools - [Appendix III – B.4 – Operation and Maintenance](#)
4. Examples of activities for Instruction vs. Student Service Administration (SSA) - [Appendix III – B.9 – Student Administration and Services](#)
5. Functionalizing of seldom used space (administrative space or dry labs) - [Appendix III – A.2.d – Selection of distribution method; 200.446- Idle facilities and idle capacity](#)
6. Reasons for denials of Request for a rate extension [200.414 \(g\) – Indirect \(F&A\) costs](#)
7. Treatment of administrative costs for rare books purchases and maintenance - [Appendix III – B.8 – Library Expenses; Appendix III – A.2.d – Selection of distribution method](#)

Question 3 – O&M Sub-Pools

What we Like



and Don't Like



Let's make things
easier/simplify.

LESS FINDINGS/ISSUES

Shorter Review Times &
Easier Proposal
Preparation

Maximum of 3 O&M Subpools

1. Costs that are Metered up to the Building Level
2. Costs allocated by Campus Square Footage
3. Costs allocated by FTE

Costs that are Metered up to the Building Level

Utilities - Electricity, Gas, Chilled Water – All Utilities that are Metered

Metering the Costs Allowed up to the Building Level

What we don't like : Attempts to allocate costs based on the metering beyond the building level



Costs allocated by Campus Square Footage

What We Like

- Accumulate costs for Repairs & Maintenance, Job Orders, Cleaning
- Separate Auxiliary O&M
- Allocate these costs based on Campus Building Square Footage



What We Don't Like

- Separating the Campus into Clusters of Buildings
- Splitting these Costs into multiple subpools
- Allocating O&M by Departments
- Subpooling Research Buildings



Costs allocated by FTE

What We Like

- Accumulate the Costs of Environmental Health & Safety, Radiation Safety, Hazardous Waste, Public Safety & Security
- Allocate these costs based on the Campus Full-Time Equivalents (FTE)



What We Don't Like

- Splitting these Costs into multiple subpools
- Allocating these cost pools by Building Square Footage



2023 NECA Questions Summary

Computing

8. Charge of F&A on cloud computing [Appendix III – A. 2 – Criteria for Distribution; 200.1 – Modified Total Direct Costs](#)
9. Exclusion of cloud computing from F&A base during proposal submissions? [Appendix III – A. 2 – Criteria for Distribution; 200.1 – Modified Total Direct Costs](#)
10. Waiver by institution of F&A on cloud computing (is it similar to unallowable cost sharing?) [Appendix III – A. 2 – Criteria for Distribution; 200.1 – Modified Total Direct Costs](#)
11. Treatment of treat cloud computing like genomic arrays with a possible threshold - [Appendix III – A. 2 – Criteria for Distribution; 200.1 – Modified Total Direct Costs](#)

2023 NECA Questions Summary

Service center

12. Treatment of non-research administrative service units, such as parking, dining/catering, printing/publishing - 200.403 – Factors affecting allowability of costs
13. Treatment Specialized Service Facility (SSF) costs to Research activities - 200.468 – Specialized service facilities
14. Treatment of a recharge center (RC) depreciation on its equipment - 200.468 – Specialized service facilities
15. Treatment of RC for its basic materials and supplies as DA - 200.468 – Specialized service facilities
16. Treatment of RC manager travel costs - 200.468 – Specialized service facilities
17. Treatment of O&M Manager travel costs - Appendix III. B. 4 – Operation and Maintenance Expenses

2023 NECA Questions Summary

Benefits Staff salary in Fringe Pools

18. Treatment of salaries and wages and benefits paid to the institutional staff managing benefit programs – do these costs belong in the Fringe benefit pools or the GA cost pool? - are they not allowable as costs of the fringe benefit costs themselves? **200.431 – Compensation – fringe benefits**

When in doubt ...

GrantsTeam@omb.eop.gov

2023 Federal Panel

Thank you for the
questions
and the answers

Happy Labor Day !

