Finance Audit & Costing

FDP Meeting – May 2023
Agenda

• Welcome
• Federal updates
• Audits at NIH
• NIH Late draw requests
• Other items
• Q&A
NIH Updates

Finance Cost Audit Committee, FDP | May 2023
Michelle G. Bulls, NIH Office of Policy for Extramural Research Administration
HHS Deputy Secretary Closeout Initiative

• From January 2022 to May 2023 NIH went from 24,727 in our backlog to 36!

• Current Status:
  • 2022 Carryover Backlog – 2 documents
  • 2023 New Backlog – 1,501 documents
  • 2023 Upcoming Backlog – 9,096 documents
AUDITS AT NIH
Office of Inspector General (OIG) Audits at NIH

• The HHS OIG Office of Audit Services (OAS) conducts independent audits of HHS programs and/or HHS grantees and contractors. These audits examine the performance of HHS programs and/or grantees in carrying out their responsibilities and provide independent assessments of HHS programs and operations.

• For the past several years, Congress has appropriated funds to OIG specifically for audits of NIH:

   **H.R.2617- Consolidated Appropriations Act, 2023**

   Provided further, That $5,000,000 shall be transferred to and merged with the appropriation for the “Office of Inspector General” for oversight of grant programs and operations of the NIH, including agency efforts to ensure the integrity of its grant application evaluation and selection processes, and shall be in addition to funds otherwise made available for oversight of the NIH.”
NIH Responsibility for Audit Findings

- NIH must implement OIG audit recommendations, to support our oversight and monitoring functions.

- **NIH GPS 2.1 Roles and Responsibilities** NIH, as a Federal grantor agency, is responsible to Congress and the U.S. taxpayer for carrying out its mission in a manner that not only facilitates research but does so cost-effectively and in compliance with applicable rules and regulations. NIH seeks to ensure integrity and accountability in its grant award and administration processes by relying on a system of checks and balances and separation of responsibilities within its own staff and by establishing a similar set of expectations for recipient organizations.

- **NIH GPS 8.4 Monitoring** Recipients are responsible for managing the day-to-day operations of grant-supported activities using their established controls and policies, as long as they are consistent with NIH requirements. However, to fulfill their role in regard to the stewardship of Federal funds, NIH awarding ICs monitor their grants to identify potential problems and areas where technical assistance might be necessary. This active monitoring is accomplished through review of reports and correspondence from the recipient, audit reports, site visits, and other information available to NIH.
RECENT AUDIT OUTCOMES
Subaward Monitoring

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

• OIG Recommendations to NIH:
  • Ensure that EcoHealth accurately and in a timely manner report award and subaward information; ensure that administrative actions are appropriately performed;
  • **Implement enhanced monitoring, documentation, and reporting requirements for recipients with foreign subrecipients**
  • Assess whether NIAID staff are following policy to err on the side of inclusion when determining whether to refer research that may involve ePPP for further review
  • Consider whether it is appropriate to refer WIV to HHS for debarment.
  • Ensure any future NIH grant awards to EcoHealth address the deficiencies noted in the report
  • Resolve costs identified as unallowable as well as possibly unreimbursed costs.
The National Institutes of Health Did Not Ensure That All Clinical Trial Results Were Reported in Accordance With Federal Requirements

• OIG Recommendations to NIH:
  • Improve procedures to ensure that responsible parties of NIH-funded clinical trials comply with requirements to submit results to ClinicalTrials.gov in a timely manner.
  • Take enforcement actions against responsible parties that are late in submitting trial results or do not submit results.
  • Work with the responsible parties to understand their challenges related to ClinicalTrials.gov and implement procedures to address the challenges.

• NIH Response:
  • NIH concurred with the recommendations and described the actions it has taken or plans to take to address them. For example, NIH stated it has begun to implement improvements to its internal procedures and activities to enhance its ability to take compliance action against responsible parties out of compliance.
Post-Award Monitoring

The National Institutes of Health Could Improve Its Post-Award Process for the Oversight and Monitoring of Grant Awards

• OIG Recommendations to NIH:
  • NCI coordinate with NIH's Closeout Center to update policies and procedures for monitoring grantees' submission of closeout documents to include more periodic outreach to grantees before the final reports become delinquent.

• NIH Response:
  • NIH agreed with the recommendation and described the corrective action it plans to take.
  • Specifically, NIH stated that it is planning to add an additional notification on day 90, before the submission deadline of 120 days, to address our recommendation regarding increased outreach efforts to grantees.
NIH Liquidation Period Extension
(aka Late Draw Requests)

May 2023 FDP Meeting: FAC Session
Volunteer Working Group

Co-Leads:  Alan Whatley (NIH/OPERA) & Nate Martinez-Wayman (Duke)

• Javeria Kazi (VCU)
• Adam Mall (U MI)
• Patti Murphy (Duke)
• Robin Murphy (OHSU)
• Tim Reuter (Stanford)
• David Schultz (U Houston)
• Marc Todesco (Harvard)
• Tony Tosheff (Johns Hopkins)
• John Ungruhe (U Cincinnati)
• Bryan Van Sickle (U MI)
• Shavonda Wimbish (VCU)
FDP Member Survey

- Survey hosted on NAS Qualtrics server, open in January – February 2023
- Included 5 questions to measure drivers for late draws and associated institutional processes and policies
  - 61 institutions responded to Question 1
  - 50 institutions responded to Question 1.A
  - 48 institutions responded to Question 2
  - 46 institutions responded to Question 3
  - 41 institutions responded to Question 4
1. Since January 2021, has your institution requested payment from a NIH grant >120 days after project end?

- NO 13%
- YES 87%
1.A Select the factors applicable to the late draw request.

SUMMARY

- **61** – External Partners
- **34** – Internal Systems/Processes
- **16** – Grant Awarding Actions
- **2** – Declared State of Emergency
- **3** – Other
1.A Select the factors applicable to the late draw request.

- **29** - Subrecipient invoice received late (after subaward T&C's required due date)
- **18** - Subrecipient invoice received before due date but not determined to be payable until after day 120
- **12** - Vendor invoice received after day 120
- **16** - Exceptional retroactive payroll charges
- **9** - Financial system/software conversion
- **9** - Grant transferred late to your organization; funds not obligated until after day 120
- **5** - Supplement issued on a grant after day 120
- **2** - Public health or disaster-related declared state of emergency
- **16** - Other (see next slide)
Other Reasons:

- Late reconciliation (x2)
- PMS issue / error (x2)
- Project end date changes / relinquished grant (x2)
- Staffing (x2)
- Timing of draws (x2)
- Transition from G to P accounts (x2)
- Late invoices
- Late transfers
- No Cost Extension anticipated but not awarded
- System update / outages
- Testing
- User error in regards to LOC refund
2. When allowable costs are allocated to a grant after your standard closeout process timeline, do you require additional approval/review for the cost to remain on the grant?

- Yes, we have an institutional policy/SOP for this scenario [33%]
- Yes, we review on an ad hoc basis [52%]
- No, we always remove these costs from the grant [15%]
3. If allowable costs allocated to a grant would cause a late draw request, is your institutional default position to cover these costs with institutional/departmental/discretionary funds?

- Yes, this is our formal policy/SOP: 15%
- Yes, we cover these costs but do not have a formal policy/SOP: 11%
- No, our default position is to submit a late draw request: 13%
- No, we review each instance to determine whether to cover institutionally or to submit a late draw request: 61%
4. Select all factors for which you WOULD consider submitting a late draw request (>120 days after project end) in the future.

**SUMMARY**

- External Partners: 71
- Internal Systems/Processes: 45
- Grant Awarding Actions: 58
- Declared State of Emergency: 23
- Other: 6
4. Select all factors for which you WOULD consider submitting a late draw request (>120 days after project end) in the future.

- Vendor invoice received after day 120
- Sub. invoice received before due date but not payable until after day 120
- Exceptional retroactive payroll charges
- Funds not obligated until after day 120
- Financial system/software conversion
- Supplement issued on a grant after day 120
- Subrecipient invoice received late
- Public health or disaster-related declared state of emergency
- Other
4. Select all factors for which you WOULD consider submitting a late draw request (>120 days after project end) in the future.

Other Reasons:

• Depends on the degree of financial impact & fault; case by case, extraordinary (x4)
• System update / outages (x2)
• T32 Payroll corrections (x2)
• No Cost Extension anticipated but not awarded
• Project end date changes
• Staffing
• Testing
NEXT STEPS

• Continue the working group to further explore and discuss possible solutions
  • Collaborate with NIH to publish additional guidance for grantees
  • *Best Practices* document to reduce/mitigate late activity
  • Guidance on integrating data available from PMS reports into central post award close-out process

• Other pathways?