

Report in Brief

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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 New York Medical College (the College) is part of a series of audits of institutions of higher education.

Our objectives were to determine whether the College (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 more than \$17 million associated with 24 NIH awards in effect at the College from October 1, 2017, through September 30, 2019.

We reviewed the College's policies and procedures to determine whether it had controls to ensure costs met Federal and award requirements. We judgmentally selected for review 92 transactions totaling \$143,508.

To address our second objective, we judgmentally selected 35 financial FCOI disclosure forms and training certificates to test whether the College complied with FCOI requirements for completing FCOI disclosure reports and training.

New York Medical College Claimed Unallowable Grant Costs and Did Not Meet Certain Financial Conflict of Interest Requirements

What OIG Found

Prior to July 2019 the College used budget estimates instead of actual activity to claim \$7.5 million in salaries, fringe benefits, and indirect costs. Specifically, the College's system and procedures for accounting for personal services costs did not produce records that reasonably reflected the actual activity for which employees were compensated. We also found that subsequent to July 2019, the College created time and effort certification reports that contained illegible signatures or were not dated. The College also charged unallowable costs totaling \$73,515 to its NIH awards because it did not have policies and procedures, or it did not follow existing policies and procedures to ensure that costs charged to NIH awards were reasonable, allocable, and allowable.

In addition, the College did not meet certain FCOI requirements. Specifically, the College could not verify that 7 of 14 key individuals assigned to NIH awards completed required FCOI training and that 9 of the 14 key individuals completed required FCOI disclosure forms. These errors occurred because the College did not have adequate controls to ensure that key individuals assigned to NIH awards completed required FCOI training and completed disclosure forms annually.

What OIG Recommends and College Comments

We recommend that the College work with NIH to determine the allowability of \$7,469,306 in salaries, fringe benefits, and related indirect costs that were unsupported and refund \$73,515. We also recommend the College strengthen its systems and procedures for identifying unsupported and unallowable costs and ensuring that certain FCOI requirements are met. Additionally, we made eight internal control recommendations.

In its written comments, the College generally disagreed with our three findings but it agreed with the majority of our recommendations. The College agreed to work with NIH to determine the allowability of the \$7.5 million and to refund any overpayments. The College agreed that \$37,533 of the \$73,515 was unallowable costs and that it would improve monitoring of FCOI training and disclosure forms. Of 8 internal control recommendations, the College agreed with 6, partially agreed with 1, and disagreed with 1. It provided additional documentation supporting \$113 in previously disallowed direct travel costs (\$69) and related indirect costs (\$44), and we reduced our second finding and recommendation from \$73,628 to \$73,515. We also revised certain language in our third finding.