



March 22, 2010

TO: Francis S. Collins, M.D., Ph.D.
Director
National Institutes of Health

FROM: /Lori S. Pilcher/
Assistant Inspector for Grants, Internal Activities,
and Information Technology Audits

SUBJECT: National Institutes of Health: National Center for Research Resources—Internal Control Review of the Process for Awarding Extramural Construction Grants Under the American Recovery and Reinvestment Act (A-02-09-02011)

The attached final report provides the results of our review of internal controls over the National Institutes of Health (NIH), National Center for Research Resources (NCRR) process for awarding extramural construction grants funded under the American Recovery and Reinvestment Act of 2009, P.L. No. 111-5 (Recovery Act). This review was part of the Office of Inspector General's assessment of whether the Department of Health and Human Services is using Recovery Act funds in accordance with legal and administrative requirements and is meeting the accountability objectives defined by the Office of Management and Budget.

The Recovery Act was signed into law by President Obama on February 17, 2009. The Recovery Act includes measures to modernize our nation's infrastructure, enhance energy independence, expand educational opportunities, preserve and improve affordable health care, provide tax relief, and protect those in greatest need.

At the President's direction, Federal agencies are taking critical steps to carry out the Recovery Act effectively. All Federal agencies and departments receiving Recovery Act funds must maintain strong internal controls and implement oversight mechanisms and other approaches to meet the accountability objectives of the Recovery Act.

NIH is functionally organized into 27 institutes and centers. Within NIH, NCRR provides laboratory scientists and clinical researchers with the environments and tools needed to understand, detect, treat, and prevent a wide range of diseases. The Recovery Act provides \$1 billion in funding to NCRR to help stimulate the economy via the extramural construction, renovation, or repair of biomedical or behavioral research facilities.

Our objective was to assess the internal controls NCCR has in place for awarding extramural construction grants funded under the Recovery Act and to determine whether the internal controls have been suitably designed.

The internal controls for awarding Recovery Act funds for extramural construction grants, as described by management, are suitably designed to provide reasonable assurance that the specified control objectives would be achieved if the described internal controls were complied with satisfactorily and applied as designed. However, we did not perform procedures to determine the operating effectiveness of these internal controls. Accordingly, we express no opinion on the operating effectiveness of any aspects of NCCR's internal controls for awarding Recovery Act extramural construction grant funds, individually or in the aggregate.

Section 8L of the Inspector General Act, 5 U.S.C. App., requires that the Office of Inspector General (OIG) post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at <http://oig.hhs.gov>.

If you have any questions or comments about this report, please do not hesitate to contact me at (202) 619-1175 or through email at Lori.Pilcher@oig.hhs.gov. Please refer to report number A-02-09-02011 in all correspondence.

Attachment

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**NATIONAL INSTITUTES OF HEALTH:
NATIONAL CENTER FOR RESEARCH
RESOURCES—INTERNAL CONTROL
REVIEW OF THE PROCESS FOR
AWARDING EXTRAMURAL
CONSTRUCTION GRANTS UNDER THE
AMERICAN RECOVERY AND
REINVESTMENT ACT**



Daniel R. Levinson
Inspector General

March 2010
A-02-09-02011

Office of Inspector General

<http://oig.hhs.gov>

The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health and Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by the following operating components:

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The Office of Audit Services (OAS) provides auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations. These assessments help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout HHS.

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The Office of Evaluation and Inspections (OEI) conducts national evaluations to provide HHS, Congress, and the public with timely, useful, and reliable information on significant issues. These evaluations focus on preventing fraud, waste, or abuse and promoting economy, efficiency, and effectiveness of departmental programs. To promote impact, OEI reports also present practical recommendations for improving program operations.

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THIS REPORT IS AVAILABLE TO THE PUBLIC
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Section 8L of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site.

OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

EXECUTIVE SUMMARY

BACKGROUND

The American Recovery and Reinvestment Act of 2009, P.L. No. 111-5 (Recovery Act), was signed into law by President Obama on February 17, 2009. The Recovery Act includes measures to modernize our nation's infrastructure, enhance energy independence, expand educational opportunities, preserve and improve affordable health care, provide tax relief, and protect those in greatest need.

Every taxpayer dollar spent on the economic recovery must be subject to unprecedented levels of transparency and accountability. The five crucial objectives for the Department of Health and Human Services (HHS) and its agencies are:

- Recovery Act funds are awarded and distributed in a prompt, fair, and reasonable manner.
- Recovery Act funds are transparent to the public, and the public benefits of these funds are reported clearly, accurately, and in a timely manner.
- Recovery Act funds are used for authorized purposes and every step is taken to prevent instances of fraud, error, and abuse.
- Projects funded under the Recovery Act avoid unnecessary delays and cost overruns.
- Projects funded under the Recovery Act ensure program goals are achieved, including specific program outcomes and improved results on broader economic indicators.

At the President's direction, Federal agencies are taking critical steps to carry out the Recovery Act effectively. An Office of Management and Budget memorandum (April 3, 2009) updated initial implementing Recovery Act guidance (February 18, 2009) and required that all Federal agencies and departments receiving Recovery Act funds must maintain strong internal controls and implement appropriate oversight mechanisms and other approaches to meet the accountability objectives of the Recovery Act.

National Center for Research Resources

The HHS, National Institutes of Health (NIH) is the steward of medical and behavioral research for the nation. NIH is functionally organized into 27 institutes and centers. Within NIH, the National Center for Research Resources (NCRR) provides laboratory scientists and clinical researchers with the environments and tools they need to understand, detect, treat, and prevent a wide range of diseases. NCRR provides funding to eligible recipients through the issuance of discretionary grant awards.

The Recovery Act provided \$1 billion in funding to NCRR to help stimulate the economy via extramural construction, renovation, or repair of biomedical or behavioral research facilities.

The intended recipients are institutions of higher education as well as non-profit and regional organizations throughout the country.

OBJECTIVE

Our objective was to assess the internal controls NCCR has in place for awarding extramural construction grants funded under the Recovery Act and to determine whether the controls have been suitably designed.

SUMMARY OF RESULTS

The internal controls over the grant award process used to award Recovery Act funds for extramural construction grants, as described by NCCR management, are suitably designed to provide reasonable assurance that the specified internal control objectives would be achieved if the described internal controls were complied with satisfactorily and applied as designed. However, we did not perform procedures to determine the operating effectiveness of these internal controls. Accordingly, we express no opinion on the operating effectiveness of any aspect of NCCR's internal controls over the grant award process used to award Recovery Act extramural construction grant funds, individually or in the aggregate.

This report is intended to provide a sufficient understanding of NCCR's grant process for awarding Recovery Act funds to grantees as it pertains to internal control objectives in the following internal control areas:

- authorization and approval: transactions and other significant events should be authorized and executed only by persons acting within the scope of their authority;
- accuracy, completeness, and validity: all transactions should be consistent with the originating data and fairly represent the economic events that actually occurred, and no valid transactions should be omitted;
- physical safeguards and security: physical controls need to be established to secure and safeguard vulnerable assets and to limit access to resources and records to authorized individuals;
- error handling: errors detected at any stage of processing should receive prompt corrective action and be reported to the appropriate level of management; and
- segregation of duties: key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud.

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INTRODUCTION

BACKGROUND

Recovery Act Requirements

The American Recovery and Reinvestment Act of 2009, P.L. No. 111-5 (Recovery Act), was signed into law by President Obama on February 17, 2009. The Recovery Act includes measures to modernize our nation's infrastructure, enhance energy independence, expand educational opportunities, preserve and improve affordable health care, provide tax relief, and protect those in greatest need.

According to the Department of Health and Human Services (HHS) Recovery Act Web site,¹ every taxpayer dollar spent on the economic recovery must be subject to unprecedented levels of transparency and accountability. The five crucial objectives for HHS and its agencies are:

- Recovery Act funds are awarded and distributed in a prompt, fair, and reasonable manner.
- Recovery Act funds are transparent to the public, and the public benefits of these funds are reported clearly, accurately, and in a timely manner.
- Recovery Act funds are used for authorized purposes and every step is taken to prevent instances of fraud, error, and abuse.
- Projects funded under the Recovery Act avoid unnecessary delays and cost overruns.
- Projects funded under the Recovery Act ensure program goals are achieved, including specific program outcomes and improved results on broader economic indicators.

At the President's direction, Federal agencies are taking critical steps to carry out the Recovery Act effectively. An Office of Management and Budget memorandum (April 3, 2009) updated initial implementing Recovery Act guidance (February 18, 2009) and required that all Federal agencies and departments receiving Recovery Act funds must maintain strong internal controls and implement appropriate oversight mechanisms and other approaches to meet the accountability objectives of the Recovery Act.

National Center for Research Resources

The HHS, National Institutes of Health (NIH) is the steward of medical and behavioral research for the nation. NIH is functionally organized into 27 institutes and centers. Within NIH, the National Center for Research Resources (NCR) provides laboratory scientists and clinical researchers with the environments and tools they need to understand, detect, treat, and prevent a

¹Accessed at <http://www.hhs.gov/recovery/reports> on October 29, 2009.

wide range of diseases. NCRB provides funding to eligible recipients through the issuance of discretionary grant awards.²

The Recovery Act provided \$1 billion in funding to NCRB to help stimulate the economy via extramural construction, renovation, or repair of biomedical or behavioral research facilities. The intended recipients of these awards are institutions of higher education as well as non-profit and regional organizations throughout the country.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

Our objective was to assess the internal controls NCRB has in place for awarding extramural construction grants funded under the Recovery Act and to determine whether the controls have been suitably designed.

Scope

We assessed NCRB's internal controls over the grants award process used to award Recovery Act funds to construct, renovate, or repair existing non-Federal research facilities. Our assessment was limited to determining whether existing internal controls adequately achieved the internal control objectives for: (1) authorization; (2) accuracy, completeness, and validity; (3) physical safeguards and security; (4) error handling; and (5) segregation of duties. We did not perform procedures to determine the operating effectiveness of these internal controls. Accordingly, we express no opinion on the operating effectiveness of any aspect of NCRB's internal controls over the grant award process used to award Recovery Act funds, individually or in the aggregate.

We performed fieldwork at NCRB offices in Bethesda, Maryland, from May through July 2009.

Methodology

The internal control environment represents the collective effect of a number of elements in establishing, enhancing or mitigating the effectiveness of specific policies and procedures. To gain an understanding of NCRB's internal control environment, we:

- reviewed relevant Federal laws and regulations, including Recovery Act guidance issued by the Office of Management and Budget, that NCRB must follow for awarding grants;
- reviewed NCRB's organizational structure, including segregations of functional responsibilities, policy statements, operating manuals, and personnel policies; and

²Discretionary grants are awarded under programs that permit NCRB, in accordance with legislation, to exercise judgment in approving the project, project period, grantee and award amount.

- interviewed NCCR management as well as operations, administrative, and other personnel responsible for developing, assuring adherence to, and applying internal controls.

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

RESULTS OF REVIEW

The internal controls over the grant award process used to award Recovery Act funds for extramural construction grants, as described by NCCR management, are suitably designed to provide reasonable assurance that the specified internal control objectives would be achieved if the described internal controls were complied with satisfactorily and applied as designed. However, we did not perform procedures to determine the operating effectiveness of these internal controls. Accordingly, we express no opinion on the operating effectiveness of any aspect of NCCR's internal controls over the grant award process used to award Recovery Act extramural construction grant funds, individually or in the aggregate.

This report is intended to provide a sufficient understanding of NCCR's grant process for awarding Recovery Act funds to grantees as it pertains to internal control objectives in the following internal control areas:

- authorization and approval: transactions and other significant events should be authorized and executed only by persons acting within the scope of their authority;
- accuracy, completeness, and validity: all transactions should be consistent with the originating data and fairly represent the economic events that actually occurred, and no valid transactions should be omitted;
- physical safeguards and security: physical controls need to be established to secure and safeguard vulnerable assets and to limit access to resources and records to authorized individuals;
- error handling: errors detected at any stage of processing should receive prompt corrective action and be reported to the appropriate level of management; and
- segregation of duties: key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud.

AUTHORIZATION AND APPROVAL

Internal Control Objective 1: Internal Controls Provide Reasonable Assurance That Grant Eligibility Requirements Are in Accordance With Laws, Regulations, Recovery Act Guidance, and Agency Policy

- NCCR policy is to look for grant proposals of high scientific and technical merit that are relevant to public health needs and are within NCCR priorities. Applicants can find eligibility information in section III of each funding opportunity announcement (FOA). Eligibility requirements are primarily based on the experience of the applicant and the need of the construction or renovation.
- NCCR believes it evaluates grant applications by a process that is fair, equitable, timely, and bias-free. The NCCR dual peer review system³ is mandated by statute (section 492 of the Public Health Service Act) and Federal regulations (42 CFR part 52h).
- NCCR policy is to include the NIH Grants Policy Statement in all Notice of Awards as a term and condition of the award. The NIH Grants Policy Statement provides that NCCR grant awards are for the reimbursement of actual and allowable costs incurred and are subject to Federal cost principles. The cost principles are set forth in OMB Circulars A-21, A-87, and A-122; 45 CFR § 74 Appendix E; and 48 CFR § 31.2 and incorporated by reference in 45 CFR §§ 74.27 and 92.22. The cost principles address four tests to determine the allowability of costs: reasonableness, allocability, consistency, and conformance. The NIH Grants Policy Statement also includes administrative and other remedies the Federal Government may use if a grantee does not comply with requirements.

Internal Control Objective 2: Internal Controls Provide Reasonable Assurance That Information and Methods Used To Publicize the Program Are in Accordance With Laws, Regulations, Recovery Act Guidance, and Agency Policy

- OMB implementation guidance for the Recovery Act requires Federal agencies to provide information on the funding notifications made for all award types on <http://www.recovery.gov> with a link to the agency's Web site. The funding notifications stem from public announcements on the amount of funds available to entities outside of the Federal Government. The notifications include funds available immediately through formula or block grants, through the solicitation of applications or proposals for award in the future, or through any other public notification. Grants, contracts, loans, loan guarantees, cooperative agreements, and other forms of assistance are all subject to this reporting requirement.

³The dual peer review system used by NCCR has two levels of review. The first level, the initial peer review, provides a judgment of scientific merit and technical acceptability of the line drawings and associated facilities improvement plans. The second level assesses the quality of the initial peer review and sets program priorities.

- NCCR posts grant eligibility requirements and construction objectives on <http://grants.nih.gov/recovery> and <http://www.grants.gov> using an FOA. Each Web site is linked to [Recovery.gov](http://grants.nih.gov/recovery). FOAs are a new requirement and result in the submission of grant applications through [Grants.gov](http://www.grants.gov). FOAs are requests for applications and are issued to invite grant applications in a well-defined area and stimulate activity in NIH's programmatic priority areas.
- NIH and NCCR policy is to make new grantees aware of financial management system requirements through its "Welcome Wagon" letter posted on a NIH Office of Extramural Research Web site,⁴ through NCCR education and outreach activities, and as part of the award negotiation, if applicable. The "Welcome Wagon" letter informs grantees that they must follow the procedures authorized in accordance with laws, regulations, policies, and Facilities & Administrative rate negotiations. Additionally, the "Welcome Wagon" letter provides Facilities & Administrative rate negotiation information.
- The NIH Office of Extramural Research Web site⁵ provides a multitude of resource materials that educate grantees about the cost principles and other applicable regulations and policies governing the administration of grants. NCCR staff also provide policy interpretation and consultation to the grantee community.

Internal Control Objective 3: Internal Controls Provide Reasonable Assurance That Grant Application Processing Procedures Are Established and in Accordance With Laws, Regulations, Recovery Act Guidance, and Agency Policy

- NCCR's policy is to evaluate grant applications in a fair, equitable, timely, and bias-free manner. The NCCR dual peer review system is mandated by statute (section 492 of the Public Health Service Act) and Federal regulations (42 CFR part 52h).
- As required, applications are processed through two levels of review and assigned a numerical ranking. Using established criteria, the initial peer review group prepares an evaluation and gives the application a score (or ranking). The second level of review is performed by an advisory council. The advisory council approves grant applications that meet NCCR's goals and ranks the applications from the most meritorious to the least. The results of the initial peer review and the advisory council review are recorded in the NIH IMPAC II system.⁶
- Before awarding a grant, NCCR requires NIH, Office of Grants Management staff to use a checklist to ensure that administrative requirements have been addressed, including

⁴Accessed at <http://grants.nih.gov/grants/funding/welcomewagon.htm> on January 21, 2010.

⁵Accessed at <http://grants.nih.gov/grants/oer.htm> on January 21, 2010.

⁶Information for Management, Planning, Analysis, and Coordination (IMPAC) is a computer database system developed and maintained by the NIH Office of Extramural Research for information concerning extramural programs. IMPAC II is the successor to NIH's original IMPAC information management system.

whether the grant was funded in rank order. For all new and competing continuation awards, Congress must be alerted at least 72 hours before the grant is awarded. The Grants Management Specialist, an NCCR employee, approves the Notice of Grant Award, which is sent to the grantee.

Internal Control Objective 4: Internal Controls Provide Reasonable Assurance That Grantee Procedures for Control, Use, and Reporting of Grant-Funded Operations Are in Accordance With Laws, Regulations, Recovery Act Guidance, and Agency Policy

- NCCR requires grantees to meet the standards and requirements for financial management systems set forth or referenced in 45 CFR §§ 74.21 or 92.20, as applicable. Requirements for grantees' financial and administrative systems are included in the NIH Grants Policy Statement, which is posted on the NIH Intranet (Grants Management Infonet) as a resource for Grants Management staff.
- NCCR may impose corrective actions and/or include special conditions on awards or suspend, terminate, or withhold support. Questionnaires are posted on the Grants Management Infonet as a resource for Grants Management staff to use when evaluating the grantee's financial and administrative systems.

Internal Control Objective 5: Internal Controls Provide Reasonable Assurance That Grant Requirements Are Noted and in Place

- The Authorized Organization Representative's signature on the grant application assures that the applicant organization will be accountable both for the appropriate use of funds awarded and for the performance of the grant-supported project or other activities resulting from the application. The Authorized Organization Representative is also responsible to NCCR for ensuring that the organization complies with the terms and conditions of individual awards and organization-wide requirements, such as those concerning financial management and property management.
- A grantee acknowledges and accepts an NCCR award and its associated terms and conditions by returning the signed Notice of Award to NCCR. Once the award is accepted by the grantee, the terms and conditions of the Notice of Award are binding.

ACCURACY, COMPLETENESS AND VALIDITY

Internal Control Objective 1: Internal Controls Provide Reasonable Assurance That Program Objectives Are Achieved in an Economical and Efficient Manner

- NCCR requires the advisory council to review applications not only for appropriate initial peer review recommendations but also for relevance to NCCR's programs, priorities, and funding. The advisory council may concur with the results of the initial peer review and approve the grant award or return the grant application to the initial peer review group for further review.

Internal Control Objective 2: Internal Controls Provide Reasonable Assurance That Procedures Used to Process and Approve Grant Applications and Related Transactions Are Efficient

- NCRR has begun replacing paper grant applications with electronic applications and has begun the transition for requiring electronic submission of grant applications through [Grants.gov](https://www.grants.gov).
- NCRR requires that submitted applications undergo checks at [Grants.gov](https://www.grants.gov) and at NCRR. The [Grants.gov](https://www.grants.gov) checks ensure that no viruses are attached to the application and the Date Universal Numbering System (DUNS) number is correct.⁷ At NCRR, the application is checked against an application evaluation checklist. If there are no errors, NCRR assembles the entire application in the Electronic Research Administration (eRA) Commons.
- NCRR provides the submitting organization's business official (the signing official) and the principal investigator 2 days to view the application before it is submitted to the NIH, Center for Scientific Review's Division of Receipt and Referral for processing.

Internal Control Objective 3: Internal Controls Provide Reasonable Assurance That the Agency Has Mechanisms in Place To Timely Award Grant and Contract Funds

- NCRR intends to use some of its Recovery Act funds for grant applications that were approved in fiscal years 2004 and 2005 but not funded. Recovery Act extramural construction grants must be awarded in short timeframes and obligated within 5 years. NCRR officials said they will allocate additional staff as needed to address the increased number of grant applications.

Internal Control Objective 4: Internal Controls Provide Reasonable Assurance That Only Those Grant Requests That Meet the Eligibility Requirements Are Approved

- NCRR policy requires that Office of Grants Management staff review the HHS National External Audit Resources alert listing and the U.S. General Services Administration's Listing of Parties Excluded From Federal Procurement and Non-Procurement Programs before issuing a grant.

⁷The DUNS number is a unique nine-digit number assigned by Dun and Bradstreet Information Services. It is the universal standard for identifying and keeping track of more than 92 million businesses worldwide. [Grants.gov](https://www.grants.gov) requires a DUNS number for registration. For applicants, the DUNS number in the application must match the DUNS number in the Institutional Profile in the eRA Commons. The eRA Commons is a secure meeting place on the Web where research organizations and grantees electronically receive and transmit information about the administration of extramural construction grants. The eRA Commons allows applicants to access the status of their applications; grantees can access the status of their awards, submit reports, and make requests electronically.

- NCRP policy requires the Office of Grants Management's Grants Management Officer to certify that all applicable requirements for an independent, competitive review have been carried out before funding the grant application.
- Prior to awarding any grant, NCRP requires Office of Grants Management staff to review the application for indication of inadequate administrative systems and to ensure that applications have been approved. When necessary, particularly for new organizations, Office of Grants Management staff request and review grantees' administrative policies and financial statements.

Internal Control Objective 5: Internal Controls Provide Reasonable Assurance That Grantee Records Are Periodically Substantiated and Evaluated

- Pursuant to OMB Circular A-133 and 45 CFR § 74.26, grantees that expend more than \$500,000 in a fiscal year are required to obtain audits of their organization's operations annually from independent public accountants. Additionally, NIH conducts technical site visits and educational outreach seminars to educate staff and to enhance administrative oversight of sponsored research, including extramural construction.
- NIH Grants Management Officers and Program Officials use reports, correspondence from the grantee, audit reports, site visits, and other available information to monitor cost and performance results, identify potential problems, and identify areas where technical assistance or enforcement action may be necessary.
- The NIH, Office of Management Assessment reviews allegations concerning misspending of NCRP grant funds and reports its findings to NIH management officials, including those in the NIH, Office of Extramural Research. Office of Management Assessment reports usually contain an assessment of internal controls in effect at the grantee organization, with recommendations for system improvements.

PHYSICAL SAFEGUARDS AND SECURITY

Internal Control Objective 1: Internal Controls Provide Reasonable Assurance That Access to Grant and Accounting Records, Critical Forms, Processing Areas, and Processing Procedures Are Permitted Only in Accordance With Policy

- NIH maintains an agencywide security program to safeguard and secure access to records. The NIH Fiscal Year 2008 Improper Payments Information Act Risk Assessment (risk assessment) noted that security policies were updated to align with new OMB, National Institute of Standards and Technology, and HHS policies and guidance. The risk assessment also noted that the Enterprise Master Information Technology Security Plan, which implements relevant Federal laws, regulations, and policies, was recently revised. Finally, the risk assessment noted that the information technology security language for contracts and acquisitions compliance with the Federal Information Security Management Act (FISMA) and contractor security oversight was also revised.

Internal Control Objective 2: Internal Controls Provide Reasonable Assurance That Valuable Assets and Information Are Safeguarded From Unauthorized Access or Use

- NIH officials told us NIH has actively addressed security issues by providing frequent training to staff. NIH has worked with HHS to develop role-based training for personnel with significant security responsibilities to comply with OMB requirements. NIH also recently updated its security awareness course, which is an annual requirement for all personnel who use information systems.
- NIH has a number of internal controls in place to ensure the safeguarding and security of data. NIH maintains an offsite server to provide backup and recovery of data. It implemented an automated Web-based application called the NIH Certification and Accreditation Tool that it uses for managing and tracking the inventory of information systems. The certification and accreditation is performed for 100 percent of FISMA systems, including systems that are critical infrastructure. Certification and accreditation ensures that safeguards are implemented effectively and commensurate with risks. NIH also implemented the HHS Security & Privacy Online Reporting Tool for tracking FISMA information.

ERROR HANDLING

Internal Control Objective 1: Internal Controls Provide Reasonable Assurance That the National Center for Research Resources Accurately and Promptly Classifies, Summarizes, and Reports Adjustments to Grant Application Information and Records

- NCCR allows applicants the opportunity to correct errors identified during the application process and resubmit the corrected information through [Grants.gov](https://www.grants.gov) within a specified timeframe.
- When NCCR identifies an error, its policy is for the application process to immediately stop. The applicant is then notified of the error or given a warning. A warning alerts the applicant to the less-than-ideal condition. The applicant then has the opportunity to resubmit the application if the submission deadline date has not passed.

SEGREGATION OF DUTIES

Internal Control Objective 1: Internal Controls Provide Reasonable Assurance That Opportunities for an Individual to Both Cause and Conceal Errors Are Reduced

- Members of the NCCR's Scientific Review Groups provide relevant scientific review experience and scientific expertise for the competitive review process.
- Grants Management Officers serve as the reception and distribution point for prior approval requests, progress reports, and other reports required by the terms and conditions of the Notice of Grant Award.

- NCRB program officials establish or participate in the establishment of goals for new programs and plans of action for implementation.
- NCRB requires program officials to evaluate submissions for appropriateness to solicitation topics, and the Grants Management Officer determines compliance with policy, regulations, and guidelines.