

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**RUTGERS, THE STATE UNIVERSITY OF
NEW JERSEY'S COSTS CLAIMED UNDER
THE RECOVERY ACT FOR
NATIONAL INSTITUTES OF HEALTH
GRANT NUMBER 1RC1CA147187-01
WERE ALLOWABLE**

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Regional Inspector General**

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Office of Inspector General

<http://oig.hhs.gov>

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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.

INTRODUCTION

BACKGROUND

National Center for Research Resources

Within the U.S. Department of Health and Human Services, the National Institutes of Health (NIH) is the steward of medical and behavioral research for the nation. Until it was dissolved in December 2011, the National Center for Research Resources (NCRR) was an NIH center that provided laboratory scientists and clinical researchers with tools and training to understand, detect, treat, and prevent a wide range of diseases.¹

American Recovery and Reinvestment Act

The American Recovery and Reinvestment Act of 2009 (Recovery Act), P.L. No. 111-5, provided \$8.2 billion to NIH to stimulate the economy through the support and advancement of scientific research. Of the \$8.2 billion, NCRR was given \$300 million for shared instrumentation and other capital equipment.

Recovery Act funds were used to award grants and cooperative agreements to research entities including nonprofit and for-profit organizations, universities, hospitals, research foundations, governments and their agencies, and occasionally individuals.

Federal Requirements

Federal regulations (45 CFR 74) provide the uniform administrative requirements for awards and subawards to institutions of higher education and other nonprofit and commercial organizations. The allowability of costs incurred by institutions of higher education are determined in accordance with the cost principles contained in Office of Management and Budget Circular A-21 *The Cost Principles for Educational Institutions* (2 CFR part 220). Policy requirements that serve as the terms and conditions of NIH grant awards are published in the *National Institutes of Health Grants Policy Statement* (Grants Policy Statement).

Rutgers, The State University of New Jersey

Rutgers, The State University of New Jersey (Rutgers), founded in 1766, is a national public research university. On March 24, 2010, NCRR used Recovery Act funds to award Rutgers a grant under its NIH Challenge Grants in Health and Science Research initiative (NIH grant number 1RC1CA147187-01) totaling \$996,415. The purpose of the grant was for genome research.² The grant budget period was March 24, 2010, through February 28, 2012. On

¹ On December 23, 2011, President Obama signed into law P.L. 112-74, the Fiscal Year 2012 Consolidated Appropriations Act. As part of this legislation, the NCRR was dissolved and its' programs were reassigned to the other NIH components.

² The grant is currently administered by NIH's National Cancer Institute.

December 6, 2011, Rutgers requested a no-cost extension through August 30, 2012. This request was later approved. As of February 28, 2012, the grantee claimed \$931,230 under the grant.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

Our objective was to determine whether Rutgers claimed costs in accordance with the terms of the grant and applicable Federal regulations.

Scope

We reviewed costs claimed by Rutgers from March 24, 2010, through February 28, 2012, totaling \$931,230 (\$669,230 for direct costs and \$262,000 for indirect costs).

We limited our assessment of Rutgers' internal controls to those that related to our objective. We performed fieldwork at Rutgers' administrative offices in New Brunswick, New Jersey.

Methodology

To accomplish our objective, we:

- reviewed relevant Federal requirements,
- obtained Rutgers' grant application package and notices of grant award,
- reviewed Rutgers' fiscal procedures and cost allocation methodology,
- analyzed selected costs for allowability, and
- discussed our results with Rutgers officials.

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

RESULTS OF AUDIT

Based on the evidence reviewed, we did not identify any discrepancies that would indicate that Rutgers' claimed costs, totaling \$931,230, were not allowable in accordance with the terms of the grant and Federal cost principles. Consequently, this report has no recommendations.