

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**WAYNE STATE
UNIVERSITY CLAIMED
ALLOWABLE COSTS UNDER
RECOVERY ACT GRANTS**

*Inquiries about this report may be addressed to the Office of Public Affairs at
Public.Affairs@oig.hhs.gov.*



**Sheri L. Fulcher
Regional Inspector General**

**February 2013
A-05-11-00096**

Office of Inspector General

<https://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.

EXECUTIVE SUMMARY

BACKGROUND

The American Recovery and Reinvestment Act of 2009, P.L. No. 111-5 (Recovery Act), enacted on February 17, 2009, provided \$8.2 billion to the Office of Director of the National Institutes of Health (NIH) to help stimulate the economy through the support and advancement of scientific research. Of the \$8.2 billion, the Recovery Act transferred \$7.4 billion to the NIH Institutes and Centers and to the Common Fund.

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.

Wayne State University (the grantee), founded in 1868, is a metropolitan research institution located in Detroit, Michigan. NIH awarded the grantee a Recovery Act grant in the amount of \$999,094 for tumor cell research. The grant budget period was September 30, 2009, through August 31, 2011; as of June 30, 2011, the grantee had claimed \$831,041 (\$562,743 direct and \$268,298 indirect) under the NIH grant.

OBJECTIVE

Our objective was to determine whether Recovery Act costs claimed by the grantee were allowable under the terms of the grants and applicable Federal regulations.

SUMMARY OF FINDINGS

Of the \$355,923 in costs covered by our review, we determined that the claims were allowable under the terms of the grants and applicable Federal regulations. However, the grantee claimed Federal reimbursement for an item of equipment purchased for \$26,375 without prior approval from the awarding agency.

RECOMMENDATION

We recommend that NIH work with the grantee to encourage prior approval from NIH for actions that could be considered a change in scope, including purchases of equipment with a unit cost of \$25,000 or more that were not included in the grantee's approved budget.

GRANTEE COMMENTS

In written comments on our draft report, the grantee did not concur with the finding and recommendation. The grantee stated that the purchase was for a real-time polymerase chain reaction (PCR) to analyze cytokines proposed in the project. The grantee said that prior approval from NIH was not required as the purchase of equipment did not alter the scope of the project. Additionally, the grantee said that it processed the budget request internally, in accordance with the Federal Demonstration Partnership's *Research Terms and Conditions* for prior approval, which waives prior approval by the sponsor when there is no change in scope. The grantee's comments, excluding attachments related to findings or issues not in this report, are included as Appendix A.

NATIONAL INSTITUTES OF HEALTH COMMENTS

In written comments on our draft report, NIH did not concur with the OIG's findings and recommendation. NIH concurs with the grantee that the purchase of equipment did not constitute a change in scope and prior approval was not required. NIH's comments are included in their entirety as Appendix B.

OFFICE OF INSPECTOR GENERAL RESPONSE

After reviewing the grantee and NIH comments, we concur that the item of equipment did not constitute a change in scope and require NIH prior approval. However, considering changes made by NIH to the definition of "change in scope" between its 2003 and 2011 NIH Grants Policy Statement, that now describe the purchase of a unit of equipment exceeding \$25,000 as a potential indicator of a change in scope, we believe the stated recommendation remains valid.

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INTRODUCTION

BACKGROUND

The American Recovery and Reinvestment Act of 2009, P.L. No. 111-5 (Recovery Act), enacted on February 17, 2009, provided \$8.2 billion to the Office of Director of the National Institutes of Health (NIH) to help stimulate the economy through the support and advancement of scientific research. Of the \$8.2 billion, the Recovery Act transferred \$7.4 billion to the NIH Institutes and Centers and to the Common Fund.

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 for National Institutes of Health Grantees

The allowability of costs incurred by institutions of higher education are determined in accordance with the cost principles contained in 2 CFR pt. 220 (formerly Office of Management and Budget (OMB) Circular A-21), *Cost Principles for Educational Institutions*, as required by 45 CFR § 74.27.

NIH provides additional guidance through the *National Institutes of Health Grants Policy Statement* (NIH Grants Policy Statement). The Grants Policy Statement provides NIH grantees, in a single document, the policy requirements that serve as the terms and conditions of NIH grant awards. The Grants Policy Statement provides general information, application information, and specifies the terms and conditions that apply to particular types of grants, grantees, and activities that differ from, supplement, or elaborate on the standard terms and conditions.

Wayne State University

Wayne State University (the grantee), founded in 1868, is a metropolitan research institution located in Detroit, Michigan. NIH awarded the grantee a Recovery Act grant in the amount of \$999,094 for tumor cell research. The grant budget period was September 30, 2009, through August 31, 2011; as of June 30, 2011, the grantee had claimed \$831,041 (\$562,743 direct and \$268,298 indirect) under the NIH grant.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

Our objective was to determine whether Recovery Act costs claimed by the grantee were allowable under the terms of the grants and applicable Federal regulations.

Scope

We limited our review to costs the grantee claimed for NIH grant RC1CA146576 during the period September 30, 2009, through June 30, 2011. During the review period, the grantee claimed \$831,041. We reviewed \$329,548 in costs claimed by the grantee as of June 30, 2011. Separately, we reviewed \$26,375 in equipment costs purchased in November 2009.

We did not perform an overall assessment of the grantee's internal control structure. Rather, we limited our evaluation of the grantee's accounting system to (1) obtaining an understanding of internal control as it relates to the specific objective and scope of the audit, and (2) reviewing the grantee's financial audits performed by an independent auditor.

We performed field work at the grantee's administrative office in Detroit, Michigan in July 2011.

Methodology

To accomplish our objective, we:

- reviewed applicable Federal laws, regulations, and other guidance;
- reviewed grant announcements, grant applications, and notices of grant award;
- interviewed grantee officials;
- reviewed the grantee's independent auditor's reports and management letters for fiscal years 2009, and 2010;
- identified expended funds in the grantee's accounting records as of June 30, 2010;
- summarized costs by cost category from expenditure reports;
- verified mathematical accuracy of the expenditure reports;
- compared budgeted and actual expenditures;
- reviewed selected costs claimed under the grants for allowability.

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.

FINDINGS AND RECOMMENDATION

Of the \$355,923 in costs covered by our review, we determined that the claims were allowable under the terms of the grants and applicable Federal regulations. However, the grantee claimed Federal reimbursement for an item of equipment purchased for \$26,375 without prior approval from the awarding agency.

EQUIPMENT PURCHASES

Federal Requirements

Cost principles for Educational Institutions at 2 CFR 220, App. A, § J.18(b)(2) state that “[c]apital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5000 or more have the prior approval of the awarding agency.” Pursuant to the NIH Grants Policy Statement (December 2003)¹, in general, the Program Director/Principal Investigator may make changes in the methodology, approach, or other aspects of the project objectives. However, the grantee must obtain prior approval from the NIH awarding Institute or Center for a change in scope. A change in scope is a change in the direction, aims, objectives, purposes, or type of research training, identified in the approved project. The grantee must make the initial determination of the significance of a change and should consult with the Grants Management Office (GMO) as necessary. Pursuant to the NIH Grants Policy Statement (December 2003), “[a]ctions likely to be considered a change in scope and, therefore, requiring NIH awarding office prior approval include” the purchase of a unit of equipment exceeding \$25,000.”

Pursuant to 2 CFR 220, App. A, § J.18(a)(3), “‘Special purpose equipment’ means equipment which is used only for research, medical, scientific, or other technical activities. Examples of special purpose equipment include microscopes, x-ray machines, surgical instruments, and spectrometers.”

Equipment Purchases Lacked National Institutes of Health Prior Approval

The grantee claimed \$26,375 for the purchase of a real-time polymerase chain reaction. The cost of this item of special purpose equipment exceeded \$25,000 and was not included in the grantee’s approved budget. Therefore, this is an action likely to be considered a change in scope under the NIH Grants Policy Statement (December 2003) requiring the prior approval of the NIH awarding office. The grantee did not obtain NIH prior approval for the purchase because they did not believe the scope of the project changed.

RECOMMENDATION

We recommend that NIH work with the grantee to encourage prior approval from NIH for actions that could be considered a change in scope, including purchases of equipment with a unit cost of \$25,000 or more that were not included in the grantee’s approved budget.

¹ This version of the NIH Grants Policy Statement was effective for all NIH grants and cooperative agreements with budget periods beginning on or after December 1, 2003 through September 30, 2010.

GRANTEE COMMENTS

In written comments on our draft report, the grantee did not concur with the finding and recommendation. The grantee stated that the purchase was for a real-time polymerase chain reaction (PCR) to analyze cytokines proposed in the project. The grantee said that prior approval from NIH was not required as the purchase of equipment did not alter the scope of the project. Additionally, the grantee said that it processed the budget request internally, in accordance with the Federal Demonstration Partnership's *Research Terms and Conditions* for prior approval, which waives prior approval by the sponsor when there is no change in scope. The grantee's comments, excluding attachments related to findings or issues not in this report, are included as Appendix A.

NATIONAL INSTITUTES OF HEALTH COMMENTS

In written comments on our draft report, NIH did not concur with the OIG's findings and recommendation. NIH concurs with the grantee that the purchase of equipment did not constitute a change in scope and prior approval was not required. NIH's comments are included in their entirety as Appendix B.

OFFICE OF INSPECTOR GENERAL RESPONSE

After reviewing the grantee and NIH comments, we concur that the item of equipment did not constitute a change in scope and require NIH prior approval. However, considering changes made by NIH to the definition of "change in scope" between its 2003 and 2011 NIH Grants Policy Statement, that now describe the purchase of a unit of equipment exceeding \$25,000 as a potential indicator of a change in scope, we believe the stated recommendation remains valid.

APPENDIXES

APPENDIX A: GRANTEE COMMENTS



March 16, 2012

Office of Internal Audit
5700 Cass Avenue
Suite 3300-AAB
Detroit, Michigan 48202
Phone: (313) 577-2128
Fax: (313) 577-2228
www.internalaudit.wayne.edu

Sheri L. Fulcher
Regional Inspector General
For Audit Services
Office of the Inspector General
Department of Health and Human Services
Office of Audit Services
233 North Michigan Avenue, Suite 1360
Chicago, Illinois 60601

RE: Report # A-05-11-00096
Wayne State University Recovery Act Grant No. RC1CA146576

Dear Ms. Fulcher,

We received your draft report, dated February 25, 2012, entitled "Wayne State University (WSU) Generally Claimed Allowable Costs Under Recovery Act Grant No. RC1CA146576".

Findings

Your review identified that WSU claimed Federal reimbursement for some unallowable costs as follows:

- Purchased an item of equipment for \$26,375 without prior approval from the awarding agency
- Claimed travel expenses of \$954 and associated Facilities and Administrative (F&A) costs of \$496 for an employee who had not charged any time and effort to the grant

Your report recommended that WSU refund the equipment, travel, and F&A costs listed above.

WSU's Response

Equipment Purchase

We do not concur with the findings and recommendations. The NIH Grants Policy Statement states:

"The PI may make changes in the methodology, approach, or other aspects of the project objectives. However, the grantees must obtain prior approval from the NIH awarding office for a change in the direction, type of research or training, or other areas that constitute a significant change from the aims, objectives, or purposes of the approved project".

Per the principal investigator (PI), this purchase (see [Exhibit I](#)) was for a real-time PCR to analyze cytokines proposed in the project. This purchase did not alter the scope of the project. The data generated using this equipment are now published. Accordingly, prior approval from NIH was not required. The PI requested a rebudget from "supplies" to "equipment" to allow for the purchase of the equipment.

Our Sponsored Program Administration (SPA) department approved and processed the rebudget request (see [Exhibit II](#)) in accordance with the Federal Demonstration Partnership's (FDP) Research Terms and Conditions for Prior Approval which waives prior approval by the sponsor when there is no change in scope. Accordingly, we do not concur with the recommendation that we must refund NIH the equipment costs of \$26,375.

Travel Expenses

We do not concur with the findings and recommendations. The NIH Grants Policy Statement states that "travel expenses are allowable as a direct cost if the travel provides a direct benefit to the project". According to the PI, the travel costs relate to a graduate research assistant (GRA) who was assigned to his lab to work on this grant. Her salary was charged to the University's general fund account #133550 (see [Exhibit III](#)). Accordingly, no time and effort for the GRA was charged to the grant. Per the PI, the GRA worked on this grant along with two other post-doctoral fellows. The GRA attended the Autumn Immunology conference (see [Exhibit III](#)) where she participated in the poster presentation and the rest of the conference. Accordingly, the travel costs incurred were a direct benefit to the project and we do not concur with the recommendation that we must refund NIH the travel and F&A costs totaling \$1,450.

We trust that you will find our response acceptable. Should you have any questions or wish to discuss this matter further, please do not hesitate to contact me at (313) 577-6802 or via email at chafner@wayne.edu. We look forward to receiving your final report.

Thank you in advance for your consideration.

Sincerely,

Carolyn P. Hafner, CIA, CBA
Assistant Vice President
Office of Internal Audit
Wayne State University

cc: Mike Barton, Audit Manager, DHHS OIG
Hilary Ratner, Vice President of Research, WSU
Louis Lessem, Vice President and General Counsel, WSU
Ronald Brown, Senior Vice President of Academic Affairs and Provost, WSU
Valerie Parisi, Dean, School of Medicine, WSU
Rick Nork, Vice President of Finance & Business Operations, WSU
James Barbret, Associate Vice President and Controller, WSU
Gail Ryan, Assistant Vice President, Sponsored Program Administration, WSU
Marlene Erno, Senior Director, Sponsored Program Administration, WSU
Venuprasad Poojary, Principal Investigator, WSU
Thomas Cavalier, Assistant General Counsel for Compliance, WSU

EXHIBIT I



10580031

Eppendorf North America, Inc
 One Cantiague Road, P O Box 1019
 Westbury, NY 11590-0207 U S A
 516-334-7500 FAX 516-334-7506

Bill to address
 WAYNE STATE UNIVERSITY RECEIVED
 ATT ACCOUNTS PAYABLE ASSURANCE
 PO Box 9056
 DETROIT MI 48202
 USA

'09 NOV 25 P12 12
 40711952

INVOICE
 Invoice No / Date
 4000188094/ 11/18/2009
 Order no /date
 839870/ 11/16/2009
 Reference no /date
 PO493868
 Delivery note no /date
 81073024/ 11/17/2009

Your customer number with us
 4107621353

Ship to address
 WAYNE STATE UNIVERSITY
 CENTRAL REC/SCOTT HALL
 KARNMANOS/540 E CANFIELD
 110 E WARREN AVE/RF# PO493868
 DETROIT MI 48201
 USA

Terms of Payment
 Net 30
Terms of Delivery
 FOB D
Shipping Conditions
 PPD ground
Forwarder
 ABF FREIGHT SYSTEM INC
 F E I # 11-2994494
 D U-N-S # 15 208-8142



Item	Material Quantity	Description Price	Price Unit	Sales District	Currency USD
					Amount
000001	950021225 1 EA	MCEP REALPLEX 2 S SYSTEM W/LAPTOP 38,225 00	1 EA	Discount % 31.00- 1GL2 1GA4	26,375 25

Per the PI, this equipment is a real-time PCR used to analyze cytokines proposed in the project. This purchase did not alter the scope of the project. The data generated using this equipment are now published.

Office of Inspector General Note — The deleted text has been redacted because it is personally identifiable information.



10280031

Must add S & H Cat pre-paid number 950002212

Consisting of			
000002	950020211	MASTERCYCLER EP REALPLEX 2 S	1GL2 1GA4
	0 EA		
	PARTS ONLY, NOT FOR THIRD PARTY SALES		
000003	950020211	MASTERCYCLER EP REALPLEX 2 S	1GL2 1GA4
	1 EA		
	PARTS ONLY, NOT FOR THIRD PARTY SALES		
		Batch Y234555P	
000004	950007605	LAPTOP DELL REALPLEX	1GL2 1GA4
	1 EA		
000005	950007620	Dell optical mouse for realplex	1GL2 1GA4

Remittance by Check
 Eppendorf North America, Inc
 P O Box 13275
 Newark NJ 07101 3275

Remittance by EFT or ACH
 Deutsche Bank Trust Co America
 60 Wall Street, New York, NY 10005

Please return remittance copy with payment

CUSTOMER COPY

Office of Inspector General Note — The deleted text has been redacted because it is personally identifiable information.



Eppendorf North America, Inc
 One Cantiague Road, P O Box 1019
 Westbury, NY 11590-0207 U S A
 516-334-7500 FAX 516-334-7506

Invoice # / Date
 4000188094 / 11/18/2009

Item	Material	Description	Price	Price Unit	Sales District	Amount
	1 EA					

Items Total 26,375 25
 Total 26,375 25



Eppendorf North America, Inc
 One Cantiague Road, P O Box 1019
 Westbury, NY 11590-0207 U S A
 516-334-7500 FAX 516-334-7506

Invoice # / Date
 4000188094 / 11/18/2009

Item	Material	Description	Price	Price Unit	Sales District	Amount
	1	EA				

Items Total 26,375 25
 Total 26,375 25

Zimbra: [REDACTED]

Correspondence

Page 1 of 2

EXHIBIT II

Wayne Connect Communication & Collaboration Suite

[REDACTED]

FW: Budget Justification for Rebudget 1RC1CA146576-01 (Index 300274) Tuesday, January 19, 2010 5:03:01 PM

From: [REDACTED]
To: [REDACTED]
Cc: [REDACTED]

Attachments: rebudget 01-19-10 - [REDACTED] - NIH Challenge RC1 - RFAOD09003.xls (223.3KB)
Budget_Justification 01-19-10 for Rebudget 1RC1CA146576-01.doc (32.3KB)

Please process rebudget request for 300274. Thanks.

[REDACTED]
Business Manager
Karmanos Cancer Institute
5th Floor Prentis, PR05RA
[REDACTED]
Fax: [REDACTED]

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From: [REDACTED]
Sent: Tuesday, January 19, 2010 10:53 AM
To: [REDACTED]
Subject: FW: Budget Justification for Rebudget 1RC1CA146576-01 (Index 300274)

<<rebudget 01-19-10 - [REDACTED] - NIH Challenge RC1 - RFAOD09003.xls>> <<Budget_Justification 01-19-10 for Rebudget 1RC1CA146576-01.doc>>

From: [REDACTED]
Sent: Tuesday, January 19, 2010 9:59 AM
To: [REDACTED]
Subject: RE: Budget Justification for Rebudget 1RC1CA146576-01

Thanks

From: [REDACTED]
Sent: Tuesday, January 19, 2010 9:58 AM
To: [REDACTED]
Subject: RE: Budget Justification for Rebudget 1RC1CA146576-01

Here's a breakdown of supplies...

Supplies for Year 1 = 33345
Antibodies 3500
FACS sorting 3000
Cell purification 4000

Office of Inspector General Note — The deleted text has been redacted because it is personally identifiable information.

Zimbra: [REDACTED]

Page 2 of 2

Molecular biology reagents 5000
Biochemical reagents 3500
Cytokines and growth factors 3000
Tissue culture supplies and centrifuge tubes 6345
Synthetic peptides and in vitro T cell stimulation 5000

Supplies for Year 2 = 58725
Antibodies 7500
FACS sorting 8000
Cell purification 5000
Molecular biology reagents 10225
Biochemical reagents 8000
Cytokines and growth factors 5000
Tissue culture supplies and centrifuge tubes 10000
Synthetic peptides and in vitro T cell stimulation 5000
<< File: rebudget 01-19-10 - [REDACTED] - NIH Challenge RC1 - RFAOD09003.xls >> << File: Budget_Justification 01-19-10 for Rebudget 1RC1CA146576-01.doc >>

From: [REDACTED]
Sent: Tuesday, January 19, 2010 8:44 AM
To: [REDACTED]
Subject: RE: Budget Justification for Rebudget 1RC1CA146576-01

<< File: Budget_Justification for Rebudget 1RC1CA146576-01.doc >> << File: rebudget 01-15-10 - [REDACTED] - NIH Challenge RC1 - RFAOD09003.xls >>

There was a small change.
[REDACTED] is no longer working here, he has discontinued due to his mothers ill health. I have replaced him with Dr. [REDACTED] his salary is 40K pr year

From: [REDACTED]
Sent: Friday, January 15, 2010 3:46 PM
To: [REDACTED]
Subject: Budget Justification for Rebudget 1RC1CA146576-01

See attached.
<< File: Budget_Justification for Rebudget 1RC1CA146576-01.doc >>

[REDACTED]
Pre-Award Specialist
Wayne State University
Karmanos Cancer Institute
110 East Warren Avenue - 5th Floor
Detroit, Michigan 48201
Phone: [REDACTED]
Fax: [REDACTED]
Email: [REDACTED]

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EXHIBIT II

REBUDGET 01-19-10 LHC Principal Investigator/Program Director (Last, first, middle): [REDACTED]

DETAILED BUDGET FOR INITIAL BUDGET PERIOD

FROM: 09/30/09 THROUGH: 08/31/11

DIRECT COSTS ONLY

PERSONNEL (Applicant organization only)					DOLLAR AMOUNT REQUESTED (omit cents)		
NAME	ROLE ON PROJECT	TYPE APPT. (months)	% EFFORT ON PROJECT	INST. BASE SALARY	SALARY REQUESTED	FRINGE BENEFITS	TOTAL
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
SUBTOTALS					148,114	35,399	183,513
CONSULTANT COSTS					0		0
EQUIPMENT (Itemize)							
MCEP REALPLEX 2 S SYSTEM W/LAPTOP						26,375	
SORVALL RT1 CENT 16/20 TC PKG						5,985	
CLASS II A2 6 115V PKG						8,220	
							40,580
SUPPLIES (Itemize by category)							
Antibodies		3,500		Cytokines and growth fa	3,000		
FACS sorting		3,000		Tissue culture supplies a	6,345		
Cell purification		4,000		Synthetic peptides and ir	5,000		
Molecular biology reagents		5,000			0		
Biochemical reagents		3,500			0		
							33,345
TRAVEL							
Domestic travel for PI to attend scientific meeting						5,000	5,000
PATIENT CARE COSTS							
INPATIENT						0	0
OUTPATIENT						0	0
ALTERATIONS AND RENOVATIONS (Itemize by category)							0
OTHER EXPENSES (Itemize by category)							
Publication costs		2,000			0		
Animal shipping, breeding, and housing		65,000			0		
Core Services		13,000			0		80,000
		0			0		
SUBTOTAL DIRECT COSTS FOR INITIAL BUDGET PERIOD							\$ 342,438
CONSORTIUM/CONTRACTUAL COSTS							0
DIRECT COSTS							156,966
FACILITIES AND ADMINISTRATION COSTS							0
TOTAL DIRECT COSTS FOR INITIAL BUDGET PERIOD (Item 7a, Face Page)							\$ 499,405
SBIR/STTR Only: FIXED FEE REQUESTED							

Office of Inspector General Note — The deleted text has been redacted because it is personally identifiable information.

Budget Justification for Rebudget 1RC1CA146576-01**Personnel:**

██████████, Ph.D., **Principal Investigator** (effort = 6.00 months calendar) will be responsible for overseeing the entire scope of the research proposed in the application. Including performing experiments, reviewing data, design experiments, reporting, and publication of the results. Dr. ██████████ is an Assistant Professor at Wayne State University.

██████████, **Postdoctoral Fellow** (effort = 12.00 months calendar) will perform the experiments.

██████████, **Postdoctoral Fellow** (effort = 12.00 months calendar) will perform the experiments.

██████████, **Research Assistant** (effort = 12.00 months calendar) will maintain mouse colonies (breeding, genotyping, etc.) and also perform routine lab work such as maintenance of cell lines, plasmid isolation, etc.

Equipment: \$40,580/year one only

Funds for purchase of MCEP RealPlex 2 S System w/Laptop includes installation, training and shipping, \$26,375; Sorvall RT1 Cent 16/20 TC Package, \$5,985; Class II A2 6 115V Package, \$8,220;

Travel: \$5,000/year

Funds are requested for travel for PI and Postdoctoral Fellow to attend one national meeting, and PI and Research Assistant to attend one local meeting to include air fare, lodging, conference fees, and per diem at \$5,000 total cost per year.

Supplies: \$33,345/year

Funds for supplies include: Antibodies for immunoblotting, ELISA and FACS analysis (\$3,500); FACS sorting expenses (\$3,000); Cell purification kit such as T cell enrichment columns (\$4,000); Molecular biology reagents: enzymes and kits (\$5,000); Biochemical reagents for immunoblotting, immunoprecipitation, films, and general chemicals (\$3,500); Cytokines and growth factors (\$3,000); Tissue culture materials: culture medium, FBS, culture flasks and centrifuge tubes (\$6,345); Synthetic peptides for mouse immunization and in vitro T cell stimulation (\$5,000).

Other Expenses: \$15,000/year

Publication cost is requested for a peer-reviewed publication at \$2,000 per year. Funds are also requested for Proteomics Facility Core at \$13,000 total cost per year for examining ubiquitination of TIEG1 and the role of tyrosine phosphorylation in regulating receptor mediated ubiquitination..

Animals shipping, breeding, and housing: \$65,000/year

Mice species include TIEG1^{-/-} (from Mayo Clinic): 200 cages/year
 C57BL6 control mice (Jackson Laboratories): 250 cages/year
 Tyk2^{-/-} mice (Miyazaki University, Japan): 100 cages/year
 Foxp3 GFP.KI mice (Harvard Medical School): 100 cages/year
 Rag^{-/-} mice (Jackson Laboratories): 50 cages/year

WAYNE STATE UNIVERSITY

Sponsored Programs Administration

Grant/Fund Authorization No. 171647

ESTABLISH	AMEND	TRANSMIT	TERMINATE	DATE	INDEX	FUND	FOAPAL STRING	ORG. CODE	PROGRAM	FMS GRANT C
	X			01/20/10	300274	2Y21	06C921		22	
DONOR					PERIOD OF PERFORMANCE					FMS GRANT C
NIH/National Cancer Institute					09/30/09	-	08/31/10		2Y21	
					AGENCY GRANT OR CONTRACT NUMBER					
					1RC1 CA146576-01					
TITLE					INDEX	FUND	FOAPAL STRING	ORG. CODE	PROGRAM	FMS GRANT C

Role of TIEG1 in Foxp3+reg development and tumor progression

PRINCIPAL INVESTIGATOR

Dr. [REDACTED]

SCHOOL/COLLEGE RESPONSIBLE FOR FINANCIAL ADMINISTRATION

Dr. [REDACTED] and Dean - School of Medicine or his/her authorized representative

FINANCIAL INFORMATION

AMOUNT OF GRANT, CONTRACT OR GIFT	UNIVERSITY'S SHARE
\$499,405.00	Blank
INDIRECT COST	
\$156,966.00 (52.0% MTDC)	

AMOUNT RECD	RECEIPT NUMBER	DATE RECD	COE/US Execution Date	AMOUNT
			01/20/10	

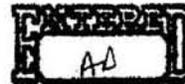
ATTACHMENTS

EXECUTED COPY OF CONTRACT	GRANT DOCUMENT	COPY OF PROPOSAL	COST SHARING CERTIFICATE	BUDGET	RES.	PFR
				X		

Rebudget Request

SPECIAL CONDITIONS OR REMARKS:
GFA issued to process rebudget per request.

Banner & Coors.



1/20/10

Dr. [REDACTED] IDC Index 145915.

This budget period is 09/30/09-08/31/10

SIGNATURE [REDACTED]

APPROVED [REDACTED] 01/20
(TYPE NAME) (DATE)

#09071210
AD

SPONSORED PROGRAMS ADMINISTRATION

Office of Inspector General Note — The deleted text has been redacted because it is personally identifiable information.

WAYNE STATE UNIVERSITY

- SPONSORED PROGRAMS ADMINISTRATION
AUTHORIZATION TO ESTABLISH/TRANSFER BUDGET ALLOCATIONS

BUDGET DATA

DATE	GFA NO.	INDEX	FUND	ORG CODE	PROGRAM	FMS GRANT CODE
1/20/2010	171647	300274	2Y2I1	06C921	22	2Y2I
ITEMS OF EXPENDITURE			ACCOUNT CODE	AWARD		CUMULATIVE
				DEBIT	CREDIT	
COMPENSATION			611	36,914.00		148,114.00
FRINGE BENEFITS			621	7,043.00		35,399.00
STIPENDS			7212			
EQUIPMENT			711	40,580.00		40,580.00
SUPPLIES			721	33,346.00		33,346.00
TRAVEL - OUTSTATE			7712			5,000.00
TUITION			72111			
CONSULTING SERVICES			72132			
PATIENT CARE			721H3			
RENT			72171			
OTHER			721		104,000.00	80,000.00
OFFICE SUPPLIES -A-21 ITEMS **			721			
OFFICE SUPPLIES			72161			
RESEARCH SUPPLIES			72162			
SUBCONTRACT Univ College Dublin			721H11			
PURCHASE SERVICES			721E4			
IRB FEES			721YC			
REVENUE			5401			(499,405.00)
INDIRECT COST 52.0%MTDC			791		13,883.00	156,966.00
GRAND TOTAL			>	117,883.00	117,883.00	

Journal Voucher: J 0100612

APPENDIX B: NATIONAL INSTITUTES OF HEALTH COMMENTS



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

National Institutes of Health
Bethesda, Maryland 20892

TO: Sheri L. Fulcher
Regional Inspector General for Audit Services

FROM: Director, National Institutes of Health

DATE: **JAN - 4 2013**

SUBJECT: NIH Response to Office of Inspector General Draft Report, *Wayne State University Claimed Allowable Costs Under Recovery Act Grants (A-05-11-00096)*

Attached are general comments from the National Institutes of Health in response to the Office of Inspector General draft report, *Wayne State University Claimed Allowable Costs Under Recovery Act Grants (A-05-11-00096)*.

We appreciate the opportunity to review and comment on the draft report. Should you have questions or concerns regarding our comments, please contact Meredith Stein in the Office of Management Assessment at 301-402-8482.

/s/ Francis S. Collins, M.D., Ph.D.

Francis S. Collins, M.D., Ph.D.

Attachment

GENERAL COMMENTS OF THE NATIONAL INSTITUTES OF HEALTH ON THE OFFICE OF INSPECTOR GENERAL (OIG) DRAFT REPORT, ENTITLED WAYNE STATE UNIVERSITY CLAIMED ALLOWABLE COSTS UNDER RECOVERY ACT GRANTS (A-05-11-00096)

The National Institutes of Health (NIH) appreciates the review conducted by the OIG and the opportunity to provide clarifications on this draft report. The NIH respectfully submits the following general comments.

OIG FINDING:

Of the \$355,923 in costs covered by our review, we determined that the claims were allowable under the terms of the grants and applicable Federal regulations. However, the grantee claimed Federal reimbursement for an item of equipment purchased for \$26,375 without prior approval from the awarding agency.

NIH RESPONSE:

The NIH does not concur with the OIG's finding that an item of equipment purchased by the grantee required prior approval nor with the corresponding recommendation that NIH work with the grantee to encourage prior approval for actions that could be considered a change in scope, including purchases of equipment with a unit cost of \$25,000 or more that were not included in the grantee's approved budget.

As specified in the NIH Grants Policy Statement (NIHGPS), a term and condition of all NIH grant awards is that grantees are permitted a certain degree of latitude to rebudget within and between budget categories to meet unanticipated needs (see NIHGPS 2003, Changes in Project and Budget http://grants.nih.gov/grants/policy/nihgps_2003/NIHGPS_Part7.htm). Prior approval is required for a change in scope: that is, a significant change from the aims, objectives, or purposes of the approved project. In these situations, the grantee must make the initial determination of the significance of a change. The NIHGPS lists actions that may signal a potential change in scope to assist grantees in identifying when to seek NIH prior approval. Among those actions is the purchase of a unit of equipment exceeding \$25,000. Although this may signal a potential change in scope, the grantee's initial determination was that the purchase did not constitute a change in scope. The National Cancer Institute grants management and program staff concurs with the grantee's determination; therefore, prior approval was not required.