

CLASP Review of Recent OIG Reports and Findings

May 2026



DHHS OIG Workplan

- **NIH Recipients' Oversight of Domestic Subrecipients**

- The National Institutes of Health (NIH) funds billions of dollars in grants each year and awards more grants than any other HHS Operating or Staffing Division.
- NIH awards grants directly to prime recipients, who can then make subawards to additional recipients (i.e., subrecipients).
- The NIH Grants Policy Statement and the Office of Management and Budget's Uniform Guidance task prime recipients with overseeing subrecipients.
- This evaluation will determine the extent to which NIH prime recipients adhere to select requirements for oversight of domestic subrecipients. This work will improve NIH prime recipients' oversight of domestic subrecipients, thereby reducing opportunities for fraud, waste, and abuse in domestic NIH subawards.

DHHS OIG Workplan

- **Audit of NIH Oversight of Grant Award Recipients' Compliance with Federal Funding Accountability and Transparency Act of 2006 Subaward Reporting Requirements**

- The Federal Funding Accountability and Transparency Act of 2006 (FFATA) requires prime grant award recipients of Federal funds to report information on Federal awards and subawards on a public, single, searchable website, USAspending.gov.
- The prime grant award recipients report data elements including subaward amount, funding agency, subaward data, and a description of the subaward's purpose.
- Prior HHS-OIG and other Federal audits identified concerns with prime grant award recipient compliance with FFATA reporting requirements, including the accuracy and completeness of the data reported.
- We will determine whether NIH monitored prime grant award recipients' compliance with requirements for reporting subawards.

Medical College – Salary findings

- The College did not always manage NIH awards in accordance with Federal and award requirements. Specifically, we found that before July 2019 the College used budget estimates instead of actual activity to claim \$7.5 million in salaries, fringe benefits, and indirect costs. We also found that after July 2019, the College created time and effort certification reports that contained illegible signatures or were not dated.
 - charged \$44,763 in salary, fringe benefits, and related indirect costs that exceeded the NIH salary cap for calendar years 2017, 2018, and 2019;
 - charged \$24,818 for a Principal Investigator's (PI) salary increase plus related fringe benefits and indirect costs that were contingent on the PI's retaining his external funding at his new pay level;

Medical College – Salary findings

- In addition to exceeding the salary cap, one of the two PIs received a salary increase plus related fringe benefits and indirect costs totaling \$24,818 that was contingent on his maintaining external funding from NIH.
- College officials informed the PI in a formal letter dated April 19, 2018, that “...Should your external funding not continue at least at this new level, your annualized compensation will be reduced.” According to College officials, the PI was expected to keep the NIH award to continue receiving his pay increase.
- NIH GPS states: Compensation costs must be reasonable, conform to the established policy of the organization, be consistently applied regardless of the source of the funds, and reasonably reflect the percentage of time actually devoted to the NIH-funded project.

DHHS OIG Report – Monetary Donations, March 2025

- NIH’s guidance documents do not convey how specific or explicit a donor’s expectation must be for monetary donations to be considered other support rather than a gift.
- NIH’s guidance documents also do not include scenarios that illustrate when monetary donations that support investigators’ research are other support versus gifts.
- However, for the purposes of this evaluation, NIH vetted and approved 12 scenarios developed by OIG. NIH confirmed that eight of these scenarios illustrate examples of monetary donations that must be reported to NIH as other support and the remaining four scenarios are considered gifts (see linked list below).

DHHS OIG Report – Monetary Donations, March 2025

- According to the report:
 - “Just 19 percent of institutions correctly identified all scenarios in our survey that described monetary donations they must report to NIH. Furthermore, a quarter of institutions did not correctly identify any of the reporting scenarios in our survey.”
 - “Only 35 percent of institutions correctly identified all of the gift scenarios in which donations do not need to be reported to NIH, further signaling confusion.”

DHHS OIG Report – Monetary Donations, March 2025

- Example Monetary Donations:
- An individual pledges to donate \$1 million each year for the next 5 years to an institution to support an investigator's research on a disease (such as Parkinson's disease). There is a written request (such as an email, letter, or other document) that asks the institution to provide the donor with periodic written updates on the work that is being supported by the monetary donation. The institution puts this donated money into an account used by that investigator to fund their research and asks the investigator to provide these written updates.

DHHS OIG Report – Monetary Donations, March 2025

- Example Gift:
- A division within an institution receives \$100,000 from an individual who has a disease that was cured by research conducted in that division. The institution puts the donated money into an account used by that division to fund facilities maintenance, staff salaries, and capital improvements.

DHHS OIG Report – Monetary Donations, March 2025

- **Recommendation:** NIH should issue guidance to institutions that, at a minimum, clarifies the areas of confusion uncovered by our survey. These areas include (1) the information needed to identify a monetary donation as other support or a gift; (2) the definition of a gift; (3) that monetary donations do not have to meet or exceed a dollar threshold to qualify as other support; and (4) how to report monetary donations that qualify as other support on the appropriate forms.
- NIH has provided this list of examples (from the OIG report).
- <https://grants.nih.gov/sites/default/files/NIH-Examples-Scenarios-Monetary-Donations.pdf>

Peer Institution (1) NSF Audit – Summer Salary

- Unallowable summer salary:
 - In July 2022, Institution charged NSF Award for \$2,043 in unallowable summer salary costs. This occurred because Institution based the employee's summer salary on a 9-month salary of \$133,328, which was the salary the department estimated for the employee for the following year, rather than based on the employee's \$126,625 9-month IBS at the time the salary was earned.
 - In August 2022, Institution charged NSF Award No. for \$1,414 in unallowable summer salary costs. This occurred because Institution based the employee's summer salary on a 9-month salary of \$175,717, which was the salary the department estimated for the employee for the following year, rather than based on the employee's \$170,057 9-month IBS at the time the salary was earned.
- Institution agreed to reimburse NSF \$391.

Institution (1) NSF Audit – Inadequate Support

- Inadequately supported expenses:
 - In May 2022, Institution charged NSF Award for \$26,404 in technician services supported by an invoice that was not itemized in sufficient detail to allow us to evaluate whether the costs invoiced were reasonable, allocable, or allowable. Although the invoice was for the same amount supported by the vendor's original itemized quotation, the quotation did not support that the costs billed were allowable because the itemized costs on the quotation (i) did not support \$4,500 of the total direct costs billed and (ii) indicated that the vendor would bill actual labor and flight expenses
- Institution agreed to reimburse NSF \$4,264 that it deemed unsupported.

Institution (2) NSF Audit – Pre-Award salary

- Unallowable Pre-Award Salary:
 - NSF Award No. which began on 9/15/2018, included an employee salary payment dated 9/14/2018—one day prior to the official start of the award. This transaction reflected a budget date adjustment for costs incurred in a prior period; however, Institution did not properly reverse the expense withing the scope of the audit period.
- Not all awards allow for pre-award spending. Important to be aware of your specific award requirements.

Institution (2) NSF Audit – Travel

- Unallowable travel expense:
- Institution charged one (1) NSF award \$208 in travel that was not allowable, per federal regulations and the NSF PAPPG.
 - While we considered this context in our evaluation, we still found the catering expense exceeded what would be considered reasonable for the number of attendees. Using only the food and beverage portion of the invoice, we calculated a per-attendee daily cost and compared it to the General Service Administration (GSA) per diem rate for Washington, D.C. for April 2023 to test for reasonableness. The actual per-attendee cost exceeded the GSA per diem, which led to the identification of \$208 in questioned costs, including \$165 in questioned direct Travel costs along with \$43 in questioned indirect costs applied to the transaction.

Institution (2) NSF Audit – Travel

- Unallowable travel expense:
- Institution charged one (1) NSF award \$1,117 in subaward travel that was unallowable under federal regulations and the NSF PAPPG,
 - Institution charged NSF Award \$1,117 in travel expenses incurred by a subrecipient that did not comply with the requirements of the Fly America Act, which mandates the use of U.S. flag air carriers for travel funded by federal awards unless specific exceptions apply. The noncompliant travel expenses were charged as direct subaward costs to the NSF award.

Institution (3) NSF Audit – Insufficient documentation

- Unallowable expense:
- Institution charged one (1) NSF award \$1,716 in Materials and Supplies that were not allowable, per federal regulations and the NSF PAPPG.
- Institution was unable to provide adequate documentation to substantiate the reasonableness and allowability of certain costs included within a transaction charged to NSF Award. The expense was for the purchase of customized bags distributed to attendees at a project-specific conference. In accordance with 2 Code of Federal Regulations (CFR) §200.421(e)(3), “costs of promotional items and memorabilia, including models, gifts, and souvenirs” are explicitly unallowable under federal awards.