

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**THE NATIONAL INSTITUTE OF
ENVIRONMENTAL HEALTH SCIENCES
GENERALLY ADMINISTERED ITS
SUPERFUND APPROPRIATIONS DURING
FISCAL YEAR 2014 IN ACCORDANCE
WITH FEDERAL REQUIREMENTS**

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



Gloria L. Jarmon
Deputy Inspector General
for Audit Services

April 2016
A-04-15-04035

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.

EXECUTIVE SUMMARY

The National Institute of Environmental Health Sciences generally administered its Superfund appropriations during fiscal year 2014 in accordance with Federal requirements. However, it did not always obligate Superfund appropriations in accordance with applicable Federal laws.

WHY WE DID THIS REVIEW

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) (42 U.S.C. § 9601 et. seq.) established the Hazardous Substance Response Trust Fund, commonly known as the Superfund. The National Institute of Environmental Health Sciences (the Institute) receives an annual Superfund appropriation to carry out functions mandated by the CERCLA.

The CERCLA requires the Inspector General of a Federal organization with Superfund responsibilities to audit all uses of the fund in the prior fiscal year (FY) (42 U.S.C. § 9611(k)). To meet this requirement, the U.S. Department of Health and Human Services (HHS), Office of Inspector General, conducts an annual audit of the Institute's use of its Superfund appropriations.

The objective of this audit was to determine whether the Institute administered its Superfund appropriations during FY 2014 in accordance with applicable Federal requirements.

BACKGROUND

Superfund

The CERCLA was extended and amended by the Superfund Amendments and Reauthorization Act of 1986. The Superfund is used to respond to emergency environmental conditions that are hazardous to health and to pay for the removal of toxic substances.

The Institute receives funding to carry out functions mandated by the CERCLA. In carrying out its Superfund responsibilities for FY 2014, the Institute obligated approximately \$77 million in Superfund resources, of which approximately 5 percent represented obligations for administrative costs and the remaining 95 percent represented obligations for awards to other organizations to:

- train persons who are engaged in handling hazardous waste and managing facilities where hazardous waste is located and
- conduct research, including using advanced techniques, methods, and technologies to detect, assess, and evaluate the effects of hazardous substances on human health and to reduce the amount and toxicity of those substances.

National Institute of Environmental Health Sciences

The Institute, located in Research Triangle Park, North Carolina, is 1 of 27 Institutes and Centers of the National Institutes of Health (NIH), which is a component of HHS. NIH provides the Institute with direction and other administrative and professional services.

Federal Requirements

A fiscal year appropriation may be obligated only to meet a legitimate, or bona fide, need arising in, or in some cases arising prior to but continuing to exist in, the appropriation's period of availability (31 U.S.C. § 1502(a)).

The Antideficiency Act prohibits an agency from obligating or expending those funds in advance of or in excess of an appropriation unless specifically authorized by law (31 U.S.C. § 1341(a)(1)(A)).

WHAT WE FOUND

The Institute generally administered its Superfund appropriations during FY 2014 in accordance with applicable Federal requirements. However, it did not always obligate Superfund appropriations in accordance with applicable Federal laws. Specifically, the Institute improperly used \$7,534 from expired Superfund appropriations. The Institute improperly used expired Superfund appropriations because it did not follow its standard operating procedure on the use of prior-year funds. By not ensuring that obligations were made within the 1-year period of availability, the Institute violated Federal appropriations law. If appropriate FY funding is not available to correct the improper obligations, an Antideficiency Act violation will have occurred.

WHAT WE RECOMMEND

We recommend that the Institute or NIH, as applicable:

- deobligate the \$7,534 of improper obligations and obligate \$7,534 using available appropriations from the correct FY or
- determine whether any Antideficiency Act violations occurred and take appropriate action.

NATIONAL INSTITUTES OF HEALTH COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

NIH partially concurred with our recommendation. NIH agreed that the obligations for conference travel (\$4,688) and a laptop computer (\$1,857) were improper and stated that it had deobligated the charges from FY 2013 funds and reobligated them using FY 2014 funds to correct the improper obligations.

NIH did not concur that the obligations for interest payments were improper. NIH stated that interest payments should be paid from appropriations associated with original obligation documents, on the basis of guidance it received from HHS' Assistant Secretary for Financial Resources (ASFR) and the U.S. Department of Treasury, Bureau of the Fiscal Service.

We maintain that, according to the Prompt Payment Act and Federal appropriations law, NIH should charge the appropriation current for the program at the time the government's liability for the interest arises. In the case at hand, NIH should have obligated the FY 2014 appropriation, as that was the currently available appropriation for the interest charges because the interest accrued after the original FY appropriations in FYs 2012 and 2013 had expired and were no longer available for obligation. If funding is not available from the FY 2014 appropriation to correct the improper obligations, an Antideficiency Act violation will have occurred.

NIH also provided technical comments that we addressed as appropriate.

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INTRODUCTION

WHY WE DID THIS REVIEW

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) (42 U.S.C. § 9601 et. seq.) established the Hazardous Substance Response Trust Fund, commonly known as the Superfund. The National Institute of Environmental Health Sciences (the Institute) receives an annual Superfund appropriation to carry out functions mandated by the CERCLA.¹

The CERCLA requires the Inspector General of a Federal organization with Superfund responsibilities to audit all uses of the fund in the prior fiscal year (FY) (42 U.S.C. § 9611(k)). To meet this requirement, the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG), conducts an annual audit of the Institute's use of its Superfund appropriations. (See Appendix A for a list of related OIG reports.)

OBJECTIVE

Our objective was to determine whether the Institute administered its Superfund appropriations during FY 2014 in accordance with applicable Federal requirements.

BACKGROUND

Superfund

The CERCLA was extended and amended by the Superfund Amendments and Reauthorization Act of 1986. The Superfund is used to respond to emergency environmental conditions that are hazardous to health and to pay for the removal of toxic substances.

The Institute receives funding to carry out functions mandated by the CERCLA. In carrying out its Superfund responsibilities for FY 2014, the Institute obligated approximately 5 percent of these funds for administrative costs and awarded the remaining 95 percent to other organizations to:

- train persons who are engaged in handling hazardous waste and managing facilities where hazardous waste is located and
- conduct research, including using advanced techniques, methods, and technologies to detect, assess, and evaluate the effects of hazardous substances on human health and to reduce the amount and toxicity of those substances.

¹ In FY 2014, the Institute received \$77,349,000 to carry out these activities through the Consolidated Appropriations Act, 2014 (P.L. 113-76).

National Institute of Environmental Health Sciences

The Institute, located in Research Triangle Park, North Carolina, is 1 of 27 Institutes and Centers of the National Institutes of Health (NIH), which is a component of HHS. NIH provides the Institute with direction and other administrative and professional services.

Federal Requirements

A fiscal year appropriation may be obligated only to meet a legitimate, or bona fide, need arising in, or in some cases arising prior to but continuing to exist in, the appropriation's period of availability (31 U.S.C. § 1502(a)).

The Antideficiency Act prohibits an agency from obligating or expending those funds in advance of or in excess of an appropriation unless specifically authorized by law (31 U.S.C. § 1341(a)(1)(A)).

HOW WE CONDUCTED THIS REVIEW

Our audit covered all obligations and disbursements related to FYs 2009 through 2014 Superfund appropriations that occurred from October 1, 2013, through September 30, 2014 (audit period).² During the audit period, the Institute obligated³ approximately \$77 million and disbursed approximately \$75 million in Superfund resources. Of the \$75 million in disbursements, \$4 million came from FY 2014 funds, and \$71 million came from prior-period funds.

We judgmentally selected for review a sample of 14 Superfund grants to determine the status of report submissions and whether the Institute performed grants monitoring activities. In addition, we judgmentally selected for review three grants to determine whether the grantees complied with terms and conditions of the grants. We also assessed obligations of FY 2009 through FY 2013 appropriations that occurred during the audit period to determine whether these obligations complied with Federal appropriations law.

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.

² Annual appropriations expire at the end of the FY but remain available for 5 years for recording, adjusting, and liquidating obligations that were properly incurred during the period of time the appropriation was available for obligation (31 U.S.C. §§ 1553(a) and 1552(a)). Therefore, our scope included obligations and disbursements of FY 2009 through FY 2013 appropriations, as well as those of FY 2014.

³ "Obligated" funds are amounts for which the Federal agency has made binding commitments for orders placed for property and services, contracts and subawards, and similar transactions that will require payment immediately or in the future (GAO-05-734SP Budget Glossary, p. 70).

Appendix B contains the details of our scope and methodology, and Appendix C contains Federal requirements.

FINDINGS

The Institute generally administered its Superfund appropriations during FY 2014 in accordance with applicable Federal requirements. However, it did not always obligate Superfund appropriations in accordance with applicable Federal laws. Specifically, the Institute improperly used \$7,534 from expired Superfund appropriations. The Institute improperly used expired Superfund appropriations because it did not follow its standard operating procedure on the use of prior-year funds. By not ensuring that obligations were made within the 1-year period of availability, the Institute violated Federal appropriations law. If appropriate FY funding is not available to correct the improper obligations, an Antideficiency Act violation will have occurred.

THE INSTITUTE USED EXPIRED APPROPRIATIONS THAT WERE UNAVAILABLE FOR OBLIGATION

In accordance with Federal appropriations law, also known as the bona fide needs rule, an appropriation limited for obligation to a definite period is available only for payment of expenses properly incurred and obligated during the period of availability (31 U.S.C. § 1502(a)). Specifically, annual appropriations are available for obligation only during the FY for which made (GAO-04-261SP, page 5-4).

The Institute did not always obligate Superfund appropriations in accordance with these requirements. During FY 2014, the Institute obligated \$7,534 from annual appropriations that were limited to FYs 2012 and 2013, that is, appropriations that were expired and otherwise not available for obligation.

The improper use of expired appropriations consisted of the following obligations related to the administrative costs of implementing the program:

- FY 2013 funds obligated for travel related to a conference (\$4,688) that occurred in FY 2014,
- FY 2013 funds obligated for a laptop computer (\$1,857) that the Institute approved for purchase in FY 2013 but did not order until FY 2014, and
- interest (\$989) incurred as a result of untimely payments for orders the Institute placed in prior FYs and charged to the FY appropriation related to the executed contract instead of the FY appropriation current at the time the interest accrued.⁴

⁴ NIH's accounting records showed obligations for interest charges that accrued during FY 2014 of \$846 applied to FY 2013 appropriation accounts and \$143 to FY 2012 appropriation accounts. The Institute told us that the NIH Office of Financial Management (OFM) had applied these obligations.

The Institute had a standard operating procedure (SOP) that addressed the proper use of prior-year appropriations. The SOP was effective⁵ prior to the recording of the improper obligations. In addition, HHS has issued a *Financial Management Directive* that requires the payment of interest penalties to be charged to the currently available appropriation for the administration or operation of the program.⁶ However, the Institute did not adhere to the policies in these instances. Institute officials acknowledged that the obligations were made from incorrect appropriations and told us they had moved the obligations to the correct FY appropriation.⁷

As a result of the Institute's improper obligation of funds from expired appropriations, the Institute did not adhere to the Federal requirements that annual appropriations are available for obligation only for payment of expenses incurred in that FY. If funding is not available from the appropriate appropriations to correct the improper obligations, an Antideficiency Act violation will have occurred.

RECOMMENDATIONS

We recommend that the Institute or NIH, as applicable:

- deobligate the \$7,534 of improper obligations and obligate \$7,534 using available appropriations from the correct FY or
- determine whether any Antideficiency Act violations occurred and take appropriate action.

OTHER MATTER

In accordance with the NIH Grants Administration Manual (GAM), grants administration staff are responsible for monitoring the programmatic aspects and business management performance of grants by assessing information gathered from reports, audits, site visits, and other sources. The grants management officer is responsible for providing written prior approval to grantees when required (NIH GAM, Chapter 4.1.04.204, § E. 10).

The NIH Grants Policy Statement (GPS) states that grant funds for scientific meetings (conference grants) may be used for the travel of staff, speakers, participants, and attendees if identified in the application and approved at the time of award (NIH GPS 14.10.1 (for awards with budget periods beginning October 1, 2012, through September 30, 2013)).

⁵ The SOP was dated May 2, 2014. The recording of the improper obligations occurred after this date.

⁶ HHS *Financial Management Directive and Guidance*, vol. II, chapter 6, "Cash Management," section 10-40-50, "Disbursements," subsection E.4, which implements the Prompt Payment Act, 31 U.S.C. § 3902(f), and implementing regulations at 5 CFR § 1315.10(b)(5).

⁷ After our fieldwork, Institute officials said that they had corrected the obligations for the conference travel and laptop. OFM addressed the interest items and told us it did not believe adjustments were necessary to correct those obligations because it did not have definitive guidance on which FY appropriation should be obligated.

NIH GPS 8.1.2.5 requires a grantee to obtain prior approval for a change in the scope of the award. A change in scope is defined as “a change in the direction, aims, objectives, purposes, or type of research training, identified in the approved project” and provides a number of potential indicators of a change in scope, including significant rebudgeting. Significant rebudgeting occurs when expenditures in a single direct cost budget category increase or decrease by 25 percent or more.

We reviewed three conference grants that the Institute closed out during FY 2014 for which grantees had submitted final progress reports. For these three conference grants, the grantees reported costs in their final progress reports that the Institute had not approved. These costs may have reflected changes requiring prior approval from the Institute.

The terms and conditions in two of these awards stated that the funds were restricted to pay for the travel costs of certain attendees and that “[a]ny change requires written prior approval from the NIEHS Grants Management Officer named in the Notice of Award.” The final progress report for one award showed that the grantee supported the travel costs for 23 individuals; however, the grant application (incorporated by reference in the grant award) only approved travel cost support for up to 15 individuals. The eight additional individuals had not been identified and approved at the time of the award. Another grantee’s final progress report showed that it had used \$2,660 of the grant funds for publication of a program book for conference participants; however, the grant terms and conditions specified that funds could be used only for conference registration travel costs.

The third award specified that a portion of the grant was for travel costs and another portion (representing about 34 percent of the total grant funding) for “other costs,” specifically equipment rental fees. However, the grantee’s final progress report showed that it had used all of the grant to fund travel costs, indicating that it had rebudgeted a significant amount of funds originally budgeted for “other costs.”

When we brought these examples to the Institute’s attention, Institute officials told us that grantees may rebudget grant funds without prior approval and that these costs did not represent changes to the scopes of the grants. In addition, the officials said that the grantees’ auditors are responsible for assessing the allowability of actual costs.

In technical comments on our draft report, NIH highlighted its GPS requirements that allow grant recipients certain discretion to make budget and other post-award changes, as long as changes are within established limits. Additionally, the GPS requires NIH to monitor grants to identify potential problems and technical assistance needs. According to the GPS, NIH accomplishes this monitoring by reviewing recipient reports, including audit reports, making site visits, and corresponding with recipients.

NATIONAL INSTITUTES OF HEALTH COMMENTS

NIH partially concurred with our recommendation. NIH agreed that the obligations for conference travel (\$4,688) and a laptop computer (\$1,857) were improper and stated it had

deobligated the charges from FY 2013 funds and reobligated them using FY 2014 funds to correct the improper obligations.

NIH did not concur that the obligations for interest payments were improper. NIH stated that interest payments should be paid from appropriations associated with original obligation documents, on the basis of guidance it received from HHS' Assistant Secretary for Financial Resources (ASFR)⁸ and the U.S. Department of the Treasury, Bureau of the Fiscal Service (Treasury Fiscal Services).⁹

NIH also provided technical comments that we addressed as appropriate. NIH's comments, excluding technical comments, are included as Appendix D.

OFFICE OF INSPECTOR GENERAL RESPONSE

We maintain that, according to the Prompt Payment Act and Federal appropriations law, NIH should charge the appropriation current for the program at the time the government's liability for the interest arises. In the case at hand, NIH should have obligated the FY 2014 appropriation, as that was the currently available appropriation for the interest charges because the interest accrued after the original FY appropriations in FYs 2012 and 2013 had expired and were no longer available for obligation. If funding is not available from the FY 2014 appropriation to correct the improper obligations, an Antideficiency Act violation will have occurred.

On the basis of NIH's response, we spoke with staff from ASFR who told us that they believed that the HHS Financial Management Directive is ambiguous with respect to which appropriation should be obligated for interest payments. ASFR said that it was in the process of revising the directive to state that interest payments should be paid from the year in which the original obligation was recorded from funds available to carry out the program. If no funding is available in the year in which the original obligation was recorded, then the interest should be paid out of current-year authority from funds available to carry out the program; if no funding is available related to the program in either current or prior years, then it is at the agency's discretion how to pay the interest.

We plan to issue a memorandum to ASFR expressing our opinion that the revised policy should state that interest penalties should only be paid (obligated and disbursed) from an appropriation available at the time the government's liability for the interest arises and should not be paid from expired or otherwise unavailable appropriations.

⁸ ASFR provides advice and guidance to the Secretary of HHS on all aspects of budget, financial management, grants and acquisition management, and provides for the direction and implementation of these activities across HHS.

⁹ The mission of Treasury Fiscal Services is to promote the financial integrity and operational efficiency of the U.S. Government through accounting, financing, collections, payments, and shared services.

**APPENDIX A: RELATED OFFICE OF INSPECTOR GENERAL REPORTS:
AUDITS OF SUPERFUND**

Report Title	Report Number	Date Issued
<i>The National Institute of Environmental Health Sciences Administered Its Superfund Appropriations During Fiscal Year 2013 in Accordance With Federal Requirements</i>	A-04-14-04024	9/2014
<i>The National Institute of Environmental Health Sciences Generally Administered Its Superfund Appropriations During Fiscal Year 2012 in Accordance With Federal Requirements</i>	A-04-13-01025	4/2014
<i>Superfund Financial Activities at the National Institute of Environmental Health Sciences—Fiscal Year 2011</i>	A-04-12-01013	7/2012
<i>Superfund Financial Activities at the National Institute of Environmental Health Sciences—Fiscal Year 2010</i>	A-04-11-01099	6/2011
<i>Superfund Financial Activities at the National Institute of Environmental Health Sciences—Fiscal Year 2009</i>	A-04-10-01076	8/2010

APPENDIX B: AUDIT SCOPE AND METHODOLOGY

SCOPE

Our audit covered all FYs 2009 through 2014 obligations and disbursements of Superfund appropriations made during the period October 1, 2013, through September 30, 2014.¹⁰ During this period, the Institute obligated approximately \$77 million and disbursed approximately \$75 million in Superfund resources. Of the \$75 million in disbursements, \$4 million came from FY 2014 funds, and \$71 million came from prior-year funds.

We did not audit disbursements by grantees because grantee disbursements are subject to the independent audit requirements under 45 CFR § 74.26.

We performed fieldwork from February through July 2015.

METHODOLOGY

To accomplish our audit objective, we:

- reviewed applicable laws and regulations regarding Superfund appropriations;
- reviewed our FY 2014 Superfund audit report (A-04-14-04024) and determined that the report did not contain findings requiring followup;
- obtained an understanding of the Institute's controls over funding authority, financial reporting, and grants;
- traced NIH accounting records to the Institute's list of all Superfund financial transactions recorded from October 1, 2013, through September 30, 2014, to determine the accuracy and completeness of the Institute's listing;
- traced approximately \$73 million in obligations to 81 research and training grant award documents to determine whether grant awards were properly recorded;
- reviewed funding opportunity announcements, grant applications, and Notices of Award to determine whether the purposes of grant funds were consistent with Superfund activities;
- determined whether grantees had submitted audits to the Federal Audit Clearinghouse in accordance with Office of Management and Budget Circular A-133 and, if so, whether the audit reports contained any significant findings related to the Superfund;

¹⁰ Because annual appropriations may be disbursed up to 5 years beyond the appropriation year, our scope included obligations and disbursements of FY 2009 through FY 2013 appropriations, as well as those of FY 2014.

- reviewed a judgmental selection of 14 grants to determine whether grantees had submitted financial and performance reports to the Institute or NIH administrative offices, as required, and whether the Institute took appropriate action to obtain delinquent reports;
- compared administrative disbursements recorded during FY 2014 to disbursements recorded during FY 2013 to determine whether there were significant differences between years;
- reviewed obligations of prior-year Superfund appropriations to determine whether the obligations made were in accordance with Federal requirements;
- reviewed three judgmentally selected conference grants to determine whether the grantees met objectives and complied with applicable Federal requirements; and
- discussed the results of the audit with Institute 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.

APPENDIX C: FEDERAL REQUIREMENTS

31 U.S.C. § 1502(a)

The balance of an appropriation or fund limited for obligation to a definite period is available only for payment of expenses properly incurred during the period of availability or to complete contracts properly made within that period of availability and obligated consistent with section 1501 of this title. However, the appropriation or fund is not available for expenditure for a period beyond the period otherwise authorized by law.

31 U.S.C. § 1341(a)(1)(A)

“An officer or employee of the United States Government or of the District of Columbia government may not— (A) make or authorize an expenditure or obligation exceeding an amount available in an appropriation or fund for the expenditure or obligation.”

GA0-05-734SP Budget Glossary

An obligation means “[a] definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received, or a legal duty on the part of the United States that could mature into a legal liability by virtue of actions on the part of the other party beyond the control of the United States” (page 70).

Prompt Payment Act, 31 U.S.C. § 3902

The Prompt Payment Act, 31 U.S.C. § 3902, authorizes an agency that is acquiring goods or services to pay an interest payment if the required payment is not paid on time. Section 3902(f) states that the Prompt Payment Act does not authorize the appropriation of additional amounts to pay an interest penalty, but requires the penalty to be paid “out of amounts made available to carry out the program for which the penalty is incurred.” (See also 5 CFR § 1315.10(b)(5).) The HHS *Financial Management Directive and Guidance*, vol. II, chapter 6, “Cash Management,” section 10-40-50, “Disbursements,” subsection E.4. provides: “Payment of interest penalties will be charged to the currently available appropriation (FY/CAN) for the administration or operation of the program that funded the applicable invoice (contract).”

GAM, Chapter 4.1.04.204, § E.10.

The Program Official is responsible for monitoring the programmatic aspects of the grant and the [Grants Management Officer (GMO)] is responsible for monitoring the business management performance of the grant/grantee. Both the Program Official and GMO review the performance of the grant by assessing information that is gathered from various reports, audits, site visits, and other sources. Where required, the grantee institutional official must obtain written prior approval from the GMO.

NIH GPS 14.10.1

“Funds may be used for the travel of staff, speakers, participants, and attendees, if identified in the application and approved at the time of award.”

NIH GPS 8.1.2.5

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 GMO as necessary.

Potential indicators of a change in scope include ... [s]ignificant rebudgeting, whether or not the particular expenditure(s) require prior approval. Significant rebudgeting occurs when expenditures in a single direct cost budget category deviate (increase or decrease) from the categorical commitment level established for the budget period by 25 percent or more of the total costs awarded.

GAO-04-261SP Appropriations Law- Vol. I, Chapter 5, 2.a.

“Annual appropriations (also called fiscal-year or 1-year appropriations) are made for a specified fiscal year and are available for obligation only during the fiscal year for which made.”

APPENDIX D: NATIONAL INSTITUTES OF HEALTH
COMMENTS



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

National Institutes of Health
Bethesda, Maryland 20892

TO: Lori A. Ahlstrand
Acting Assistant Inspector General for Audit Services, HHS

FROM: Director, NIH

DATE: January 13, 2016

SUBJECT: NIH comments to the draft report *The National Institute of Environmental Health Sciences Generally Administered Its Superfund Appropriations During Fiscal Year 2014 in Accordance With Federal Requirements (A-04-15-04035)*

Attached are the National Institutes of Health's comments on the draft Office of Inspector General (OIG) report *The National Institute of Environmental Health Sciences Generally Administered Its Superfund Appropriations During Fiscal Year 2014 in Accordance With Federal Requirements (A-04-15-04035)*.

The NIH appreciates the review conducted by the OIG and the opportunity to provide a status update on the matter identified in the draft report. Should you have questions or concerns, 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 (NIH) ON THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) OFFICE OF INSPECTOR GENERAL (OIG) DRAFT REPORT ENTITLED: “THE NATIONAL INSTITUTE OF ENVIRONMENTAL HEALTH SCIENCES GENERALLY ADMINISTERED ITS SUPERFUND APPROPRIATIONS DURING FISCAL YEAR 2014 IN ACCORDANCE WITH FEDERAL REQUIREMENTS” (A-04-15-04035)

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

OIG Recommendation 1:

Deobligate the \$7,534 of improper obligations and obligate \$7,534 using available appropriations from the correct FY; **OR**

Determine whether any Antideficiency Act violations occurred and take appropriate action.

NIH Response:

As noted in the draft report, the \$7,534 of “improper” obligations consists of an obligation related to conference travel (\$4,688), an obligation for a laptop computer (\$1,857), and several interest charges (totaling \$989). The NIH concurs with OIG's finding and corresponding recommendation to deobligate obligations from the improper year and obligate them to the correct fiscal year for the conference travel and laptop computer. Both charges were deobligated from FY 2013 funds and reobligated using FY 2014 funds.

The NIH does not concur with the characterization of the interest payments as improper. Based on feedback from Treasury Fiscal Services, the prompt pay interest should be paid from the appropriation and year of the original obligation document.

The NIH considers this recommendation as closed.