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Report on Research Compliance Volume 16, Number 5. May 01, 2019 HHS OIG Audits Northwestern, Weill Cornell for UG Compliance

By Theresa Defino

Nearly five years ago, the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, also known as the Uniform Guidance (UG), went into effect. These established a "government-wide framework for grants management." The UG dispensed with a number of circulars issued by the Office of Management and Budget, instead condensing them into a single set of rules (with limited variations allowed) applicable to all federal agencies making certain types of awards.

The UG also contained new requirements that in many ways simply codified what institutions were already doing (or should have been) to be good stewards of federal dollars. Those at §75.352, Requirements for Pass-through Entities, are one such example.

These stipulate that "all pass-through entities must evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described" in other parts of the UG.

Assessments, according to the UG, "may include consideration of such factors as:

- The subrecipient's prior experience with the same or similar subawards;
- The results of previous audits including whether or not the subrecipient receives a single audit in accordance with subpart F [audit requirements], and the extent to which the same or similar subaward has been audited as a major program;
- Whether the subrecipient has new personnel or new or substantially changed systems; and
- The extent and results of HHS awarding agency monitoring (e.g., if the subrecipient also receives federal awards directly from a HHS awarding agency)."

With two new audits, the HHS Office of Inspector General (OIG) recently gave the research compliance community the first look at how federal awardees are complying with subaward assessment requirements. The audits of Northwestern University and Weill Cornell Medicine (WCM) had divergent findings.

One purpose of OIG audits, which more typically are "performance audits of incurred costs," is to present other organizations with insights into what they should do and should not do to manage awards, and compliance strategies to employ with the goal of having an audit with no findings.

In this regard, the Northwestern audit presents a bit of a cloudy picture. OIG questioned no costs and found no expenditures otherwise unallowable among the subawards Northwestern had made, and those for which it was itself a subawardee. Auditors also described a detailed process Northwestern used to assess its subawardees. But they said subawardees that were Northwestern affiliates or members of the Federal Demonstration Partnership (FDP) were not subject to a risk assessment when they should have been.

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