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### **Scientists' Small Errors in Managing Research Grants Can Mean Big Penalties**

*By Eric Kelderman*

It sounds like a mathematical word problem gone wrong.

James M. Fadool, an associate professor of biology at Florida State University, got a federal grant of more than \$300,000 to study eye defects using zebra-fish. Some of that money went to pay another researcher, \$1,536 biweekly, to assist with the research and manage the lab where the fish were kept.

But an audit by the Office of Inspector General in the Department of Health and Human Services determined that \$922 of that amount, or 60 percent, couldn't be charged to the grant because the employee also performed administrative duties not related to the research.

That was just one of nearly 100 expenditures that the inspector general ruled were misspent at Florida State. Out of \$10.6-million in federal research grants, auditors disallowed nearly \$3-million, which the federal government is demanding that the university repay.

Florida State, which is still disputing the findings, is far from the only university to feel the sting of a federal audit in recent years. The flood of research money from the 2009 federal stimulus act and the growing federal deficit have increased demands for accountability among recipients of taxpayer dollars.

But faculty members and administrators say the audits and investigations are costly and burdensome. On top of the already complex and stringent rules on federally sponsored research, they say, the financial reporting requirements on grants are a distraction from scientific work.

It costs universities money to support faculty researchers and help them manage their grants, says Ann K. Adams, associate vice president for research at Northwestern University. And universities don't get reimbursed by the federal government for the cost of complying with the extensive rules, she says.

#### Under the Microscope

As is often the case, the scrutiny that universities face is part of the trade-off that comes with accepting federal dollars. Research universities netted roughly \$11-billion in federal grants from the 2009 stimulus act, on top of the amounts that are budgeted annually for the major grant-making agencies, such as the National Institutes of Health, which awards nearly \$25-billion to researchers.

How some of that money is spent was discussed at a May hearing in the U.S. House of Representatives, where lawmakers showed their interest in recent high-profile allegations of research fraud. In the six months before September 2011, the inspector general of the National Science Foundation closed 50 investigations and recovered a total of nearly \$13-million from five research-misconduct cases, Rep. Mo Brooks, Republican of Alabama, said at the hearing.

While research fraud can generate headlines—for example, allegations that a University of Connecticut researcher manipulated and falsified data on the health benefits of red wine—reports from the NSF's inspector general reveal that it is taking less sensational accusations very seriously, too.

From late 2011 until March, the inspector general's office completed 16 audit reports, according to its annual report to Congress. Three of those audits identified a total of more than \$865,000 in unallowable costs, the report says.

Among those institutions was the Johns Hopkins University, which at the time had more than 300 active NSF grants totaling more than \$195-million. An audit of nearly \$33-million of those awards found that roughly \$170,000—one half of 1 percent of the grant amounts—had been misspent. The auditors recommended that the university strengthen its oversight of such awards.

A 2011 audit of 359 expenses for grants to Ohio State University by the Department of Health and Human Services concluded that the institution had misreported just \$2,100. The inspector general said Ohio State should credit that amount to other grant expenses.

#### Picking Nits

The kinds of errors that are being uncovered in audits underscore the complexity of the rules of federal research spending. In reporting how they spend federal grants, researchers have to account for the amount of their salary that comes from the grant—called "effort reporting"—and figure out which costs of supplies and equipment are directly related to the research and can be paid for with grant dollars. Those distinctions are not always clear.

In the case of the zebrafish research at Florida State, the university

argued that all of the research assistant's salary should be charged to the grant because the facility the assistant managed was used only for the research being financed by the grant.

The inspector general countered that, "according to the university's space survey ... the lab is also used for instruction; therefore, this grant is not the only activity in the lab."

In another case, a Florida State researcher sought to use a grant to pay the salary of a technology specialist. But the inspector general found that the university could not provide paperwork—an "effort report"—showing how much time the specialist had spent on the project.

Another Florida State grant had included the cost of 10 computers, but the university spent an extra \$4,000 for five backup computers, auditors found. The university responded that the computers were needed for additional staff to collect data, according to the inspector general's report.

The inspector general also faulted Florida State for inadequate oversight of its federal grants, leaving the reporting of expenses to the "discretion of its individual colleges, departments, and principal investigators to interpret the procedures correctly," the inspector general said.

Instead, the university's division of sponsored research should have reviewed grant spending to ensure that it complied with federal regulations, the report said.

Researchers and administrators at Florida State declined requests to comment on the audit's findings, but a spokeswoman said the university was preparing further information to respond to the inspector general by early October.

"We are respectful that this is an ongoing process, and it would be inappropriate to say anything further until we reach a mutually acceptable resolution," Jeanette DeDiemar, assistant vice president for university relations, said in a written statement.

#### Costly Mistakes

What made the audit so expensive for Florida State, however, was not the total number of problems that the inspector general found. In all, auditors sampled 200 transactions and concluded that 92 of them, totaling \$302,000, were inappropriate. But then federal regulators applied those findings to the nearly \$11-million from which the samples were taken and—as they are permitted to do—estimated that university researchers had misspent nearly \$3-million.

Extrapolating the results of an audit across a broader range of grants has become a common procedure only in recent years. And in its response to the inspector general, Florida State also disputes the methods auditors used to multiply their findings.

Across the nation, higher-education administrators cite other costs and burdens associated with the extensive federal oversight, such as the amount of time and staff it takes to train researchers on properly administering grants or responding to audits.

A 2007 survey of university researchers who receive federal science grants found that faculty members spent 42 percent of their time on administrative duties relating to their grants, according to a report by the Council on Governmental Relations, an association of research-intensive universities.

"In effect, at a time of limited resources, compliance requirements are taking researchers out of the laboratory and reducing their ability to perform the research that leads to the innovations that improve our quality of life," says the report, which acknowledges there are no hard numbers on this cost of compliance.

The federal Office of Management and Budget has begun considering streamlined regulations for federally sponsored research, including alternatives to the effort-reporting rules.

But some federal proposals would lessen the amount of oversight only if grantees accepted a smaller reimbursement for the indirect costs of research.

For their part, research universities have recommended eliminating the effort-reporting requirement and allowing research-administration costs to be charged to a grant when they are related to a single project.

Ms. Adams, the Northwestern official, says there has even been discussion among some research administrators of a proposal to allow the cost of compliance to be part of the indirect costs for which universities receive federal reimbursement.

But until the federal government is once more flush with cash, that's a mathematical word problem with no likely solution.

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**nanodudek** 3 days ago

Management is integral to research, not separate, and should qualify as an eligible expense. It is sensible and necessary to budget time and effort for managing supplies, instruments, people and money so that the research proceeds smoothly.

Like



**schultzjc** 3 days ago in reply to nanodudek

If nanodudek is referring to the Florida State case, the issue was not whether management was allowable, it was that what was managed was used for purposes other than the specific research (education). The article isn't very clear about this.

Like



**touchingthestone** 0 minutes ago in reply to schultzjc

I just don't see why the zebrafish facility can't be both instruction and research, and the management an allowable expense on the grant! When graduate students conduct research the goals are two-fold: research and instruction on how to do research. The auditors have a very narrow, and uninformed, view of research. This whole thing is goofy!

Like



**schultzjc** 3 days ago

A fundamental problem with NSF's approach to this is that they hire auditors (often local) who have no experience with or understanding of the research enterprise. NSF thinks research expenditures are being checked, but the auditors are totally out of touch. This process is ruining innovative research. Who can keep track of which pipette tips in a box were used for which project?

4 people liked this.

Like



**mbelvadi** 1 hour ago

"faculty members spent 42 percent of their time on administrative duties relating to their grants" - next time someone complains about how little time faculty spend on teaching-related activities, show them this statistic!

1 person liked this.

Like



**22081781** 5 minutes ago

With all the huge public money misspent by the military, its contractors, members of Congress, and the federal bureaucracy -- and then research grant auditors are wasting their time catching and punishing researchers for supposedly misspending these miniscule amounts! Here's yet another instance of squandering our tax dollars and beating up on the little guy.

Like

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