

STATE OF OHIO
OFFICE OF THE INSPECTOR GENERAL

RANDALL J. MEYER, INSPECTOR GENERAL

REPORT OF
INVESTIGATION



AGENCY: UNIVERSITY OF CINCINNATI - ARRA
FILE ID NO.: 2012-CA00045
DATE OF REPORT: FEBRUARY 27, 2014

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Randall J. Meyer
Ohio Inspector General



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REPORT OF INVESTIGATION

FILE ID NUMBER: 2012-CA00045

SUBJECT NAME:

- 1) Renovation for Safety and Long-Term Support of Rodent Research at University of Cincinnati
- 2) Kettering Lab Renovation to Enhance PHS-supported Environmental Health Research
- 3) Acquisition of an LC Mass Spectrometer for Nucleic Acids Research
- 4) Structure, Function, and Regulation of Merlin
- 5) Renovation of Chemistry Facilities at the University of Cincinnati
- 6) Federal Work-Study

POSITION: American Recovery and Reinvestment Act of 2009 (ARRA) Grant

INSTITUTION: University of Cincinnati

BASIS FOR INVESTIGATION: Initiative by the Office of the Ohio Inspector General

ALLEGATION: Review of projects paid for with ARRA money

INITIATED: February 22, 2012

DATE OF REPORT: February 27, 2014

OVERVIEW

The Ohio General Assembly enacted Ohio Revised Code §121.53 effective July 1, 2009, which created the deputy inspector general for funds received through the American Recovery and Reinvestment Act (ARRA) of 2009. This statute provided the Office of the Ohio Inspector General oversight to monitor agencies' distribution of ARRA funds from the federal government and to investigate all wrongful acts or omissions committed by officers, employees, or contractors with agencies that received funds from the federal government under ARRA. In addition, the Office of the Ohio Inspector General was required to conduct random reviews of the processing of contracts associated with projects to be paid for with ARRA money.

The Office of the Ohio Inspector General began conducting monitoring reviews of Federal Work-Study funding and a sample of grants awarded to colleges and universities under the office's jurisdiction in February 2012. The following University of Cincinnati (UC) projects were identified during the random selection process:¹

- Renovation for Safety and Long-Term Support of Rodent Research at University of Cincinnati;
- Kettering Lab Renovation to Enhance PHS (Public Health Service)-supported Environmental Health Research;
- Acquisition of an LC (Liquid Chromatography) Mass Spectrometer for Nucleic Acids Research; and
- Structure, Function, and Regulation of Merlin;
- Renovation of Chemistry Facilities at the University of Cincinnati.

BACKGROUND

The American Recovery and Reinvestment Act of 2009 (ARRA)

The American Recovery and Reinvestment Act of 2009 was passed by Congress on February 17, 2009. The intent of ARRA was:

to create new jobs and save existing ones, spur economic activity and invest in long-term growth, and foster accountability and transparency in government spending. These goals

¹ The Office of the Ohio Inspector General obtained a list of all ARRA grants received by institution from the federal recovery.gov website. Any medical research grants were removed and a random sample of grants was selected from the remaining list.

were to be achieved by providing \$288 billion nationally in tax cuts and benefits for working families and businesses; increasing federal funds for entitlement programs, such as extending unemployment benefits, by \$224 billion; making \$275 billion available for federal contracts, grants, and loans; and requiring recipients of ARRA funds to report quarterly on how they were using the money. Among other areas, ARRA funds were targeted at infrastructure development and enhancement.²

From February 17, 2009, through June 30, 2013, the state of Ohio was awarded a total of \$8,745,852,092 in ARRA funds via 1,222 contracts, 8,204 grants, and 49 loans.³ The majority of these ARRA awards went to supplement current programs.

National Institutes of Health, U.S. Department of Health and Human Services

The National Institutes of Health (NIH), a part of the U.S. Department of Health and Human Services, is the nation's medical research agency. NIH is the largest source of funding for medical research in the world, creating jobs by funding scientists in universities and research institutions in America and abroad. The mission of the NIH is to "seek fundamental knowledge about the nature and behavior of living systems and the application of the knowledge to enhance health, lengthen life, and reduce the burdens of illness and disability." A goal of NIH is to strengthen the nation's research capacity, broaden the research base, and inspire a passion for science in current and future generations of researchers.⁴

Renovation for Safety and Long-Term Support of Rodent Research at University of Cincinnati

On March 4, 2010, the National Institutes of Health awarded a grant to UC in the amount of \$8,439,998 for the project entitled, "Renovation for Safety and Long-Term Support of Rodent Research at University of Cincinnati." The award sought to optimize and contemporize the Medical Sciences Building animal facility to increase the quality of animal care, the prominence of rodent-related research, decrease allergen exposure of users of the facility, and allow continued expansion of research to meet present and future needs of researchers at UC. The award was effective March 4, 2010, and expires March 3, 2015. The principal investigator

² Source: <http://www.recovery.gov>

³ Source: <http://www.recovery.gov>

⁴ Source: <http://www.nih.gov>

responsible for managing the project is William Ball, M.D. Since the project was funded entirely with ARRA monies, all project-related expenditures were subject to review. The following are pictures of the research building:



Kettering Lab Renovation to Enhance PHS-supported Environmental Health Research

On January 19, 2010, the National Institutes of Health awarded a grant to UC in the amount of \$4,819,500 for the project entitled, “Kettering Lab Renovation to enhance PHS-supported Environmental Health Research.” The award was sought to renovate the third floor Kehoe wing and Atrium space of Kettering Lab to establish interdisciplinary research space while improving energy efficiency, maintenance, and operations of the facility. The award was effective as of January 7, 2010, and expires January 6, 2015. The principal investigator responsible for managing the project is Shuk-Mei Ho, Ph.D. Since the project was funded entirely with ARRA monies, all project-related expenditures were subject to review. The following are pictures of the Kettering Lab:



Acquisition of an LC Mass Spectrometer for Nucleic Acids Research

On April 15, 2010, the National Institutes of Health awarded a grant to UC in the amount of \$500,000 for the project entitled, “Acquisition of an LC Mass Spectrometer for Nucleic Acids

Research.” The award sought to acquire an ultra-high-performance liquid chromatography mass spectrometry system intended for the identification and structural characterization of nucleic acids. The award was effective April 15, 2010, and expired April 14, 2011. The principal investigator responsible for managing the project was Patrick Limbach, Ph.D. Since the project was funded entirely with ARRA monies, all project-related expenditures were subject to review.

Structure, Function, and Regulation of Merlin

On June 2, 2009, the National Institutes of Health awarded a grant to UC in the amount of \$31,382 for the project entitled, “Structure, Function, and Regulation of Merlin.”⁵ The award sought to understand the normal function of merlin and to explore molecular strategies by which abnormal phenotypes in merlin-deficient schwannoma cells may be reversed. The award was effective June 1, 2009, and expired September 30, 2010. The principal investigator responsible for managing the project was Wallace Ip, Ph.D. Since the project was funded entirely with ARRA monies, all project-related expenditures were subject to review.

National Science Foundation

The National Science Foundation (NSF) is an independent federal agency created by Congress in 1950 dedicated to advancing research and education in science and engineering across all fields and disciplines and at all educational levels. With an annual budget of \$6.9 billion in fiscal year 2010, NSF is the funding source for approximately 20 percent of all federally supported basic research conducted by America’s colleges and universities. In many fields, including computer science, mathematics, environmental sciences, and the social sciences, the National Science Foundation is the principal source of federal support for academic basic research.⁶

Renovation of Chemistry Facilities at the University of Cincinnati

On September 14, 2010, the National Science Foundation awarded a grant to UC in the amount of \$1,200,000 for the project entitled, “Renovation of Chemistry Facilities at the University of Cincinnati.” The award was sought to renovate one synthesis laboratory, two laser laboratories, and a computational chemistry facility. The award was effective as of September 15, 2010, and

⁵ Merlin is a type of protein located in the human body.

⁶ Source: <http://www.nsf.gov/>

expired August 31, 2013. The project was overseen by principle investigators Patrick Limbach and Sandra Degen, and co-principal investigators Kit Pearson, Bruce Lipper, and Mary Beth McGrew. Since a portion of the project was funded with ARRA monies, all project-related expenditures reported up to July 2013 were subject to review.

U.S. Department of Education, Federal Work-Study

The Federal Work-Study (FWS) program provides funds for part-time employment to help students finance the costs of postsecondary education. A participating institution applies to the U.S. Department of Education (USDOE) each year for FWS funding. Using a statutory formula, the USDOE allocates funds based on the institution's previous funding level and the aggregate need of eligible students in attendance in the prior year. In most cases, the school or the employer must pay up to a 50-percent share of a student's wages under Federal Work-Study. In some cases, wages for reading and mathematics tutors may be federally funded up to 100 percent.

In order to determine their eligibility, students must file a Free Application for Federal Student Aid (FAFSA) as part of the application process for FWS assistance. Finally, eligible students may be employed by: an institution; a federal, state, or local public agency; a private nonprofit organization; or a private for-profit organization in order to receive Federal Work-Study program funds.

In fiscal year 2010, the University of Cincinnati's Federal Work-Study program received a total of \$1,190,000 in federal funding, which included \$207,825 in ARRA funds. Therefore, all FWS program expenditures that were paid, in part, with ARRA funds were subject to review.

INVESTIGATIVE SUMMARY

On February 22, 2012, the Office of the Ohio Inspector General initiated a review of ARRA expenditures related to the six grants awarded to the University of Cincinnati. The grant award letter, a list of detailed expenditures for each grant, and supporting documentation was requested and received from UC. Also reviewed were grant guidelines available on the applicable federal

agency's website. The following is a summary of the findings related to the review of the six grants.

Renovation for Safety and Long-Term Support of Rodent Research at University of Cincinnati

According to the grant guidelines, UC was required to complete public impact and disclosure forms, submit annual and quarterly progress reports, meet Davis-Bacon⁷ requirements, and comply with the Buy American Preference Requirement. The grant also included specific design and construction milestones. The award letter indicated that as milestones are met, portions of the grant funds would be released through the issuance of a revised Notice of Award letter. The Office of the Ohio Inspector General was able to obtain copies of all quarterly project reports and requested evidence of compliance with all other grant requirements.

Specifically, the grant required the university to prepare an Environmental Impact Statement and/or Environment Analysis and to publicly disclose the project in a newspaper or other publicly available medium and to describe its environmental impact. The university provided the Office of the Ohio Inspector General with a copy of the environmental impact review. However, the date and grantee fields were incomplete. ([Exhibit 1](#)) Furthermore, the university was unable to produce an official published public announcement that described the project's environmental impact.

As of June 2013, the university had properly submitted fifteen quarterly project reports. The grant agreement referenced Section 1512 of the Recovery Act which requires that quarterly reports include, at a minimum, schedules, construction progress, project expenditures and job creation figures. A review determined all quarterly reports included each of the required items. However, the university consistently submitted, "See Award Description," in the Quarterly Activities/Project Description field used to detail construction progress on all quarterly reports. ([Exhibit 2](#)) Per the federal Office of Management and Budget OMB M-10-34,⁸ recipients must provide completed descriptions in both the "Award Description" and "Quarterly

⁷ Davis-Bacon requires the payment of federal prevailing wage rates on certain contracts receiving federal funding.

⁸ Source: <http://www.whitehouse.gov/sites/default/files/omb/memoranda/2010/m10-34.pdf>

Activities/Project Description for Prime and Sub-recipients” fields. The OMB provides several standard attributes of completeness which includes the following attribute:

Taken in conjunction, entries in the “Award Description” and “Quarterly Activities/Project Description for Prime and Sub-recipients” field must provide, at a minimum, clear and complete information on the award’s purpose, scope and nature of activities, outcomes, and status of activities.

An exception is warranted for the submitted, “See Award Description,” as this language does not provide clear and complete information on the award’s status of activities. Additionally, the agreement required the university to complete annual project reports. The university provided the Office of the Ohio Inspector General with copies of the completed annual project reports for budget periods 2011, 2012, and 2013. Thus, the university met the annual reporting requirements and no exceptions were noted.

The grant agreement also stated all funds except allowable design costs are restricted and could not be used without written approval of the National Institutes of Health. Funds are released through the issuance of a revised Notice of Award as milestones are met or required approvals are obtained. On September 1, 2011, the National Institutes of Health accepted the university’s final documents and issued a revised Notice of Award allowing for the obligation of funds for alterations and renovations. The 2011-12 annual project report indicated that the construction phase of the project began with demolition in October of 2011.

The following are pictures of areas that were under construction during the project period:



A review of the most recently submitted quarterly performance report indicated \$8,368,439 of the project funds had been invoiced and received. Therefore, as of June 30, 2013, \$71,559 of the \$8.3 million project budget remained and was required to be expended and fully disbursed by June 30, 2015, as stated in the grant agreement. The 2012-13 annual report anticipated construction to be complete by late March 2013 and to repopulate the facility with animals around June 1, 2013. A formal walk-through conducted by the Office of the Ohio Inspector General on July 17-18, 2013, confirmed that the facility had been repopulated by animals and faculty at the time of this review.

The same quarterly performance report included two contractors that received payments greater than \$25,000. One contractor provided architectural services and the other, through the use of sub-contractors, provided all other essential trades from general construction to plumbing, electrical, and HVAC (heating, ventilation, and air conditioning) services. None of the contractors or sub-contractors appeared on the federal Excluded Parties List System as debarred or suspended.⁹ Ten individual timesheets were then randomly selected from all payrolls submitted by the general contractor and subcontractors during the project period. The Office of the Ohio Inspector General requested and reviewed submitted payrolls and signed contracts.

Under the Davis-Bacon Act¹⁰ recordkeeping requirement, contractors must maintain payroll and basic records for all laborers and mechanics during the course of work and for a period of three years thereafter. The records must include information such as the employee's name, work classification, wage rate, daily hours worked, and deductions made. Furthermore, each contractor and subcontractor must, on a weekly basis, provide the federal agency with a copy of all payrolls providing the information listed under the recordkeeping requirement. The review found that all reported employees received no less than prevailing wage rate based on the employee's work classification and weekly payroll reports were submitted on a weekly basis. Furthermore, a review of the contract documents showed the existence of the required Davis-Bacon contract clauses.

⁹ Source: <http://www.sam.gov/>. Vendors who appear on either of these two lists are unable to receive contracts paid for, in part, with federal funding.

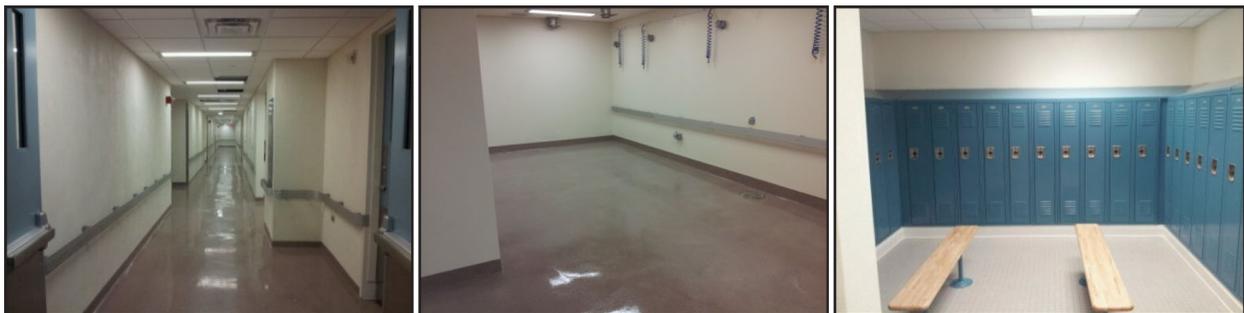
¹⁰ Davis-Bacon requires the payment of federal prevailing wage rates on certain contracts receiving federal funding.

The Buy American Act was enacted in 1933 to protect domestic labor by providing a preference for American goods in government purchases. The American Recovery and Reinvestment Act of 2009 did not amend the Buy American Act. Instead, it included a provision attaching domestic content considerations to the funds disbursed under the plan. The Buy American Act specifically requires the federal government to buy domestic “articles, materials, and supplies” when acquired for public use unless a specific exemption applies. The following are exemptions to the Buy American Act:

- Inconsistent with public interest;
- Unreasonable in cost;
- Use outside of the United States;
- Not produced or manufactured in the United State in sufficient and reasonably available commercial quantities and of satisfactory quality; and
- Micro purchase threshold.

At the time of this monitoring review, the university had completed the construction phase of the project. Thus, a physical inspection of many of the items purchased throughout the project was not feasible. Therefore, the Office of the Ohio Inspector General randomly selected lab equipment purchased with grant funds from vendor invoices provided and requested documentation ensuring compliance with the Buy American Act. The university was able to provide appropriate documentation indicating compliance with the Buy American Act for all items reviewed.

The following are pictures of areas that were renovated during project period:



Kettering Lab Renovation to Enhance PHS-supported Environmental Health Research

Similar to the Renovation for Safety and Long-Term Support of Rodent Research grant reviewed, UC was required to complete public impact and disclosure forms, submit annual and quarterly progress reports, meet Davis-Bacon requirements, and comply with the Buy American Preference Requirement. The Office of the Ohio Inspector General was able to obtain copies of all quarterly project reports and requested evidence of compliance with all other grant requirements.

Specifically, the grant required the university to prepare an Environmental Impact Statement and/or Environment Analysis and to publicly disclose the project in a newspaper or other publicly available medium and to describe its environmental impact. The university provided the Office of the Ohio Inspector General with a copy of the environmental impact review. However, the university was unable to produce an official published public announcement that described the project's environmental impact.

As of June 2013, the university had properly submitted 11 quarterly project reports. The grant agreement referenced Section 1512 of the Recovery Act which requires that quarterly reports include, at a minimum, schedules, construction progress, project expenditures, and job creation figures. A review determined all quarterly reports included each of the required items. Again, the university consistently submitted, "See Award Description," in the Quarterly Activities/Project Description field used to detail construction progress on all quarterly reports. As explained in the previous section, an exception is warranted for the submitted, "See Award Description," as this language does not provide clear and complete information on the award's status of activities. ([Exhibit 3](#)) Additionally, the agreement required the university to complete annual project reports. The university provided the Office of the Ohio Inspector General with copies of the completed annual projects reports for 2010, 2011, and 2012; therefore, meeting the annual reporting requirement.

Additionally, the grant agreement stated all funds except allowable design costs are restricted and could not be used without written approval of the National Institutes of Health. Therefore, the funds are released through the issuance of a revised Notice of Award as milestones are met or

required approvals are obtained. On July 9, 2012, the National Institutes of Health accepted the university's final construction documents and issued a revised Notice of Award allowing for the obligation of funds construction. The 2012 annual project report indicated that the construction phase of the project began in December 2012.

The following are pictures of areas that were under construction during the project period:



A review of the most recently submitted quarterly performance report (June 2013) indicated \$1,713,706 of the project funds had been invoiced and received. Therefore, as of June 30, 2013, \$3,105,794 of the \$4.8 million project budget remained and was required to be expended and fully disbursed by June 30, 2015, as stated in the grant agreement.

A review of the most recently submitted quarterly performance report (June 2013) included one contractor that received payments greater than \$25,000. The contractor represented general essential trades from plumbing to electrical and HVAC (heating, ventilation, and air conditioning) services and was not included on the federal Excluded Parties List System as debarred or suspended. Furthermore, the subcontractors utilized by the general contractor were also reviewed and found they were not included on the federal Excluded Parties List System as debarred or suspended. The Office of the Ohio Inspector General requested and reviewed submitted payrolls and signed contracts. To review for compliance with the Davis-Bacon Act Requirements, 10 employee payrolls were randomly selected from either the contractor or subcontractor. The review found that payroll reports were submitted on a weekly basis. However, the following exceptions were observed:

¹¹ Source: <http://www.sam.gov/>

- Three out of the 10 employee payrolls included a wage rate below that stated in the wage determination documentation provided by the university. ([Exhibit 4](#))
- One out of the 10 employee payrolls did not include a work classification. Thus, the employees' required prevailing wage rate could not be determined and reviewed. ([Exhibit 5](#))

A physical inspection of items purchased throughout the project was conducted on July 17-18, 2013. Since many items did not specify the origin of the material or its manufacturing, the Office of the Ohio Inspector General randomly selected lab equipment items purchased using grant funds from contractor payment request forms, requested corresponding invoices, and reviewed vendor documentation ensuring compliance with the Buy American Act. The university was able to provide appropriate documentation indicating compliance with the Buy American Act for all items reviewed.

Acquisition of an LC Mass Spectrometer for Nucleic Acids Research

The notice of award provided by the National Institutes of Health to the University of Cincinnati issued a total award of \$500,000 for the procurement of an LC Mass Spectrometer. ([Exhibit 6](#)) On June 21, 2010, the head of the Department of Chemistry submitted a purchase order and a letter of justification for the purchase of a TriVersa NanoMate in the amount of \$69,500 from Advion BioSystems Inc. Advion BioSystems Inc. is a dealer of mass spectrometers and is not included in the Excluded Parties List System as debarred or suspended.¹² Advion BioSystems Inc. provided the University of Cincinnati a sales quotation on June 1, 2010. UC received an invoice from Advion BioSystems Inc. for \$62,240 on June 29, 2010, and an invoice for \$7,390 on July 16, 2010. Both invoices had the same customer purchase order number. UC remitted the first payment of \$62,110 by check on July 30, 2010. There is a difference of \$130 due to the freight shipping charge that was not included on the quote or the Purchase Order (Memo #1). University of Cincinnati remitted the second payment of \$7,390 by check on August 23, 2010. ([Exhibit 7](#))

¹² Source: <http://www.advion.com/>

On November 4, 2010, a purchase order was created for the procurement of a Synapt G2 System for the amount of \$521,933.60 from Waters Corporation. [\(Exhibit 8\)](#) University of Cincinnati received the invoice for this purchase from Waters Corporation for \$379,898.30 on December 8, 2010. [\(Exhibit 9\)](#) UC received another invoice from Waters Corporation for \$93,949.07 on December 11, 2010. [\(Exhibit 10\)](#) The difference in the pricing between the invoice and purchase order was due to cost sharing.¹³ It was confirmed that the cost sharing came from the university's general account.

UC remitted the first payment of \$379,898.30 by check on January 12, 2011. [\(Exhibit 11\)](#) The university remitted the second payment of \$93,949.07 by check on January 14, 2011.

[\(Exhibit 12\)](#) After the final payment for the Synapt G2 System, UC had expended all of the \$500,000 in funds awarded. Finally, no visitation was conducted to physically view the equipment, but according to the university's asset records, all equipment purchased by this award is in possession of the University of Cincinnati.

Structure, Function, and Regulation of Merlin

The award letter for this research grant required an administrative policy for identifying and managing financial conflict of interest be established, to complete and submit quarterly performance reports and project closing reports, and to submit publications that acknowledge funding support by the granting agency. The university provided sufficient evidence to the Office of the Ohio Inspector General showing compliance with each of these requirements.

The award letter also included expenditures for salaries, benefits, travel, and supplies. A random selection of expenditures reported in the supplies budget category was reviewed by the Office of the Ohio Inspector General to determine if the expenditures were allowable under the grant guidelines and followed UC policies and procedures. UC reported a total of 10 supplies expenditures totaling \$1,999. Three individual travel expenditures were also randomly selected from the population and the Office of the Ohio Inspector General requested and received a copy

¹³ Cost sharing is where the university paid for part of the project with other funding, typically through non-federal funding sources.

of all supporting documentation. The documentation was reviewed for compliance with the university travel policies and overall accuracy with no exceptions noted.

In total, the university reported spending \$29,134 of its \$31,382 project budget, resulting in a remaining balance of \$2,248. As the grant was a reimbursement grant and expenditures were to be made before receiving payment from the National Institutes of Health, repayment of the balance was not required.

Renovation of Chemistry Facilities at the University of Cincinnati

According to the grant guidelines, UC was required to complete annual and quarterly progress reports, meet Davis-Bacon requirements, and comply with the Buy American Preference Requirement. The grant also stated spending was limited upon the Nation Science Foundation's assessment that satisfactory progress had been achieved by the awardee to warrant the need for approved spending. Any adjustments to the spending limitation would be made via amendment to the award. The Office of the Ohio Inspector General was able to obtain copies of all quarterly project reports and requested evidence of compliance with all other grant requirements.

As of March 31, 2013, the university had properly submitted 10 quarterly project reports. The grant agreement referenced Section 1512 of the Recovery Act which requires that quarterly reports include, at a minimum, schedules, construction progress, project expenditures, and job creation figures. A review determined all quarterly reports included each of the required items. Additionally, the agreement required the university to complete annual project reports. The university provided the Office of the Ohio Inspector General with copies of completed annual projects reports for budget period 2011 and 2012. Thus, the university met all reporting requirements and no exceptions were noted.

Additionally, the grant agreement stated grant funds are restricted and would only be released via amendment to the award. On May 9, 2011, the National Science Foundation issued award amendment number 002, the first authorizing the university to expend \$146,111 in grant funds to enter into a proposed contractual agreement with URS Corporation Design for architectural, engineering, and construction administration services. Each service was awarded a separate

contract. The amendment also required all contractual agreements awarded contain appropriate provisions consistent with ARRA and Research Terms and Conditions. A random sample of three contracts awarded throughout the project period was selected and reviewed for the appropriate provisions. The review found that the required provisions were absent from all three contracts reviewed.

The 2010-2011 annual project report indicated that the construction phase of the project began in June of 2011 with the opening of construction bids. The following are pictures of areas that were under construction during the project period:



The National Science Foundation released another eight amendments over the project period that included the authorization of additional expenditures, adjustments in project management personnel, and limited the no-cost extension¹⁴ provision. A review of the most recently submitted quarterly performance reports indicated the certificate of Use and Occupancy from the State of Ohio was finalized on September 1, 2012, and the project was completed and funds fully spent as of March 31, 2013. A formal walk-through conducted by the Office of the Ohio Inspector General confirmed the completion of the project and a review of the project's expense ledger reported final project expenses of \$1.2 million as of March 27, 2013.

The final quarterly performance report included six contractors that received payments greater than \$25,000. Each contractor represented different essential trades from architectural services to plumbing, electrical, and HVAC (heating, ventilation, and air conditioning) services. None of

¹⁴ These provisions were for extensions of the project that did not require an increase in funding.

the contractors appeared on the federal Excluded Parties List System as debarred or suspended.¹⁵ Three of the six contractors and their subcontractors were selected to be reviewed for compliance with the Davis-Bacon Act Requirements. None of the selected subcontractors to be reviewed appeared on the federal Excluded Parties List System as debarred or suspended.¹⁶

The Office of the Ohio Inspector General reviewed submitted payrolls made by contractors to UC. To review for compliance with the Davis-Bacon Act requirements, 10 employee payrolls were randomly selected from either the contractors or their subcontractors. The review found that payroll reports were submitted on a weekly basis. However, the following exceptions were observed:

- One out of the 10 employee payrolls included a work classification wage rate below that stated in the wage determination documentation provided by the university. ([Exhibit 13](#))
- One out of the 10 employee payrolls included a work classification that did not exist in the wage determination documentation provided by the university. Thus, the employee's required prevailing wage rate could not be determined and reviewed. ([Exhibit 14](#))
- One out of the 10 employee payrolls included a work classification wage rate that did not exist in the wage determination documentation provided by the university. Thus, the employees' required prevailing wage rate could not be determined and reviewed. ([Exhibit 15](#))

At the time of this monitoring review, the university had completed the construction phase of the project. Thus, a physical inspection of many of the items purchased throughout the project was not feasible. Therefore, the Office of the Ohio Inspector General randomly selected lab equipment items purchased using grant funds from contractor payment request forms, requested corresponding invoices, and reviewed vendor documentation ensuring compliance with the Buy American Act. The university was able to provide appropriate documentation indicating compliance with the Buy American Act for all items reviewed.

¹⁵ Source: <http://www.sam.gov/>

¹⁶ Source: <http://www.sam.gov/>

The following are pictures of areas that were renovated during project period:



Federal Work-Study

To review ARRA expenditures related to the University of Cincinnati's Federal Work-Study program, documentation was requested for all FWS participants for FY 2009-10.¹⁷ Once the population was provided, a subgroup of 20 students was randomly selected. From that subgroup, single payments were randomly selected for each student. Each of the 20 payments selected was then compared to the following documentation:

- Timesheets, which showed the number of hours worked by day and supervisor approval;
- Payroll information, which included the employee's hourly rate; and
- Enrollment status, including a list of classes and total number of credits for the term reviewed.

According to information on Federal Work-Study obtained from the University of Cincinnati Student Financial Aid Office, eligibility for participation in the Federal Work-Study program is determined based on individual student need. UC selects as many participants for this program as funding allows. Eligible students also receive an earnings limit. Additionally, students must meet minimum enrollment requirements to maintain eligibility.

The university provided documentation of each student's total Federal Work-Study award and the total amount disbursed. For the sample reviewed, it was determined that none of the amounts disbursed exceeded the award amount. Furthermore, all students selected in the sample met the

¹⁷ To ensure the safeguarding of student privacy as dictated by the Family Educational Rights and Privacy Act, all personal information and other unique identifiers, such as Social Security and student identification numbers, were either omitted or redacted to only include the necessary amount of information required to retrieve support documentation.

enrollment requirements. No discrepancies were identified when comparing timesheets with paycheck information.

CONCLUSION

The monitoring review by the Office of the Ohio Inspector General noted deficiencies regarding UC's public disclosure of the project and its environmental impact, quarterly project reporting, and the completeness of a required environmental impact form. Recipients of grants funded with ARRA monies were required to complete quarterly project reports. A review of university completed quarterly project reports found a lack of clear and complete information pertaining to the award's status of activities. Additionally, a sample of contractor and subcontractor payroll records found instances where Davis-Bacon requirements were not met. The university was also unable to provide documents upon request in regard to provisions consistent with ARRA and Research Terms and Conditions required to be in contractual agreements awarded.

Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe wrongful acts or omissions occurred in these instances.

RECOMMENDATIONS

The Office of the Ohio Inspector General makes the following recommendations and asks the University of Cincinnati to respond within 60 days with a plan detailing how the recommendations will be implemented. The University of Cincinnati should:

- 1) Review its monitoring controls pertaining to grant administration and compliance to ensure required public disclosures are made available to the public and include the required environmental impact information.
- 2) Review its monitoring controls pertaining to project reporting to ensure the information presented in grant-required quarterly reports complies with most current applicable federal Office of Management and Budget (OMB) circulars.

- 3) Review all completed forms required to be submitted as part of the grant agreements to ensure they possess the necessary information and are completed in their entirety.

REFERRALS

The Office of the Ohio Inspector General will forward this monitoring report to the University of Cincinnati and the National Science Foundation, U.S. Department of Health and Human Services, and U.S. Department of Education as the granting agencies of the ARRA grants. The report will also be provided to the Ohio Auditor of State as the agency responsible for the University of Cincinnati's annual audit, and the U.S. Department of Labor who oversees the federal prevailing wage programs.

[\(Click here for Exhibits 1 – 15 combined\)](#)



STATE OF OHIO
OFFICE OF THE INSPECTOR GENERAL

RANDALL J. MEYER, INSPECTOR GENERAL

NAME OF REPORT: University of Cincinnati -ARRA

FILE ID #: 2012-CA00045

KEEPER OF RECORDS CERTIFICATION

This is a true and correct copy of the report which is required to be prepared by the Office of the Ohio Inspector General pursuant to Section 121.42 of the Ohio Revised Code.

Jill Jones
KEEPER OF RECORDS

CERTIFIED
February 27, 2014

MAILING ADDRESS

OFFICE OF THE INSPECTOR GENERAL
JAMES A. RHODES STATE OFFICE TOWER
30 EAST BROAD STREET – SUITE 2940
COLUMBUS, OH 43215-3414

TELEPHONE

(614) 644-9110

IN STATE TOLL- FREE

(800) 686-1525

FAX

(614) 644-9504

E-MAIL

OIG_WATCHDOG@OIG.STATE.OH.US

INTERNET

WATCHDOG.OHIO.GOV