Part IV

Findings
## Summary of Auditor's Results

### Financial Statements
- **Type of auditor's report issued:** Unqualified
- **Internal control over financial reporting:**
  - Material weakness(es) identified? No
  - Significant deficiency(ies) identified that are not considered to be material weaknesses? None reported
- **Noncompliance material to financial statements noted?** No

### Federal Awards
- **Internal control over major programs:**
  - Material weakness(es) identified? No
  - Significant deficiency(ies) identified that are not considered to be material weaknesses? None reported
- **Type of auditor's report issued on compliance for major programs:** Unqualified
- **Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?** Yes

### Identification of major programs

<table>
<thead>
<tr>
<th>CFDA Number(s)</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>Various CFDAs</td>
<td>Research and Development and Research Training Cluster</td>
</tr>
<tr>
<td>Various CFDAs</td>
<td>Student Financial Aid Cluster</td>
</tr>
<tr>
<td>93.266</td>
<td>Rapid Expansion of Antiretroviral Therapy Programs under the President's Emergency Plan for AIDS Relief (PEPFAR)</td>
</tr>
<tr>
<td>47.076</td>
<td>Education and Human Resources</td>
</tr>
<tr>
<td>93.389</td>
<td>Harvard Clinical and Translational Science Center</td>
</tr>
</tbody>
</table>

- **Dollar threshold for Type A and Type B programs:** $3,000,000
- **Auditee qualifies as a low-risk auditee?** Yes
II. Financial Statement Findings

None noted.

III. Federal Awards Findings and Questioned Costs

2009-1 Effort Certification

Research and Development and Research Training Cluster

OMB Circular A-21, Section J.10 (c)(1)(2) requires certification of salary distribution, but does not specify the timelines within which the certifications must be collected.

The Harvard Law School ("HLS") policy requires monthly certification of nonfaculty salary 30 days after the financial close of each month and annual certification of faculty salary 60 days after the effort information is made available to the faculty.

Of the 87 effort certifications tested for the Research and Development and Research Training Cluster, three exceptions affecting monthly nonfaculty certifications occurred within one specific department in the HLS. One certification was submitted nine days late. The certification was not signed on time due to turnover of personnel. Two certifications were appropriately signed but not dated and, as such, could not be verified to ensure compliance with HLS policy. These certifications were not dated due to change of personnel and oversight during review.

<table>
<thead>
<tr>
<th>Award Title and Award Number</th>
<th>CFDA Number</th>
<th>Federal Agency</th>
<th>Award Year</th>
<th>Number of Reports Late</th>
<th>Days Late</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoting Democracy Through New Media; S-NEAPI-07-GR-198</td>
<td>19.500</td>
<td>U.S. Department of State - Bureau of Near Eastern Affairs</td>
<td>April 1, 2008 through April 30, 2009</td>
<td>2</td>
<td>Not able to be determined</td>
</tr>
</tbody>
</table>

Late effort certification increases the risk that inaccuracies in salary distribution may go undetected due to the passage of time.

Recommendation

We recommend the University continue to emphasize through training and communication the importance of timeliness and accuracy of sponsored programs salary certifications.

Management's Views and Corrective Action Plan

Following these findings are management's views and corrective action plan.
2009-2 Suspension and Debarment

Research and Development and Research Training Cluster

OMB Circular A-110, Subpart B, Section 13 restricts subawards and contracts with certain parties who are debarred, suspended or otherwise excluded from or ineligible for participation in Federal assistance programs or activities. Prior to entering into subawards or contracts that exceed $25,000, the University must verify that the company/organization is not suspended or debarred. Verification may be accomplished by collecting a certification from the entity or adding a clause or condition to the covered transaction with that entity.

For every purchase $25,000 or greater made with federal funds, the University's internal policy requires written certification from vendors stating that they have not been debarred or suspended. This certification is required to be obtained prior to the related purchase being approved for payment. In addition, the University instituted a process in fiscal year 2008 whereby the University engages an external consultant to review the University's master vendor file once per year to ensure vendors are not suspended or debarred.

In examining 82 transactions over the $25,000 threshold, we noted one certification form at the School of Engineering and Applied Sciences ("SEAS") was completed but not dated and, as such, could not verify if the form was obtained prior to the related purchase being approved for payment. We validated that the related vendor was not in fact either debarred or suspended at the time of our testing. The lack of dating the suspension and debarment form was an oversight of the SEAS.

In addition, we noted one certification at the Harvard Medical School ("HMS") was not completed on a contract that totaled $29,715. The certification form was not completed as University policy states that a written certification from vendors is only required when a purchase order of $25,000 and greater is generated. In this case, individual purchase orders for monthly payments less than $25,000 were generated and therefore were not flagged as requiring a certification form.

<table>
<thead>
<tr>
<th>Award Title and Award Number</th>
<th>CFDA Number</th>
<th>Federal Agency</th>
<th>Award Year</th>
<th>Exceptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fluxes and Budgets of CO2 and H2O in the Amazon Basin; NNG06GG69A</td>
<td>43.001</td>
<td>National Aeronautics and Space Administration</td>
<td>April 1, 2008 through March 31, 2010</td>
<td>1</td>
</tr>
<tr>
<td>New England Primate Research Center Base Grant 3PJ1 RR000165-4754</td>
<td>93.389</td>
<td>Department of Health and Human Services National Institutes of Health</td>
<td>June 5, 2008 through April 30, 2009</td>
<td>1</td>
</tr>
</tbody>
</table>

Undated suspension and debarment forms impedes the determination if the form was obtained prior to the related purchase being approved for payment and may cause the University to engage in business relationships with debarred or suspended vendors, which could result in questioned costs.
Recommendation
We recommend that the University review their current suspension and debarment policy to ensure all commitments totaling $25,000 are captured as part of the suspension and debarment verification process.

We also recommend that the University continue to conduct training for personnel who are reviewing the charges to federal awards, to ensure they are aware of the University's internal policy and federal award compliance requirements which require a signed certification that the vendor is not suspended or debarred prior to the related purchase being approved for payment.

Management’s Views and Corrective Action Plan
Following these findings are management’s views and corrective action plan.

2009-3 Procurement

Research and Development and Research Training Cluster, National Center for Research Resources CFDA# 93.389, and Rapid Expansion of Antiretroviral Therapy Programs under the President's Emergency Plan for AIDS Relief (PEPFAR) CFDA# 93.266

OMB Circular A-110, paragraph .43 requires procurement transactions to be conducted in a manner to provide, to the maximum extent practical, open and free competition. Paragraph .46 also requires that procurement transactions greater than the small purchase threshold (currently $100,000), must include a basis for contractor selection, justification for lack of competition when competitive bids are not obtained, and the basis for award cost or price.

Harvard’s internal policy requires federally funded transactions in excess of $5,000 to be accompanied by a Vendor Justification Form (“VJF”) prior to conducting business with the related vendor. The VJF is required to document that the lowest qualified bidder was chosen or that there was other justification for vendor selection.

We selected 76 transactions for testing that exceeded the $5,000 threshold. We noted one VJF was not entirely completed and therefore the University did not fully document the justification of selecting the related vendor. Two VJFs were not completed in accordance with University policy, and one VJF was not dated and, as such, could not be verified to ensure compliance with University policy.
VJFs that are not completed may increase the risk that inappropriate vendor selection decisions could be made.

Recommendation
Management should ensure that the University competitive bidding VJF procedures are completed and documented prior to entering into transactions with a vendor. The University should continue to emphasize through training and communication the importance of timeliness and accuracy of VJFs.

Management's Views and Corrective Action Plan
Following these findings are management's views and corrective action plan.

2009-4 Reporting

Research and Development and Research Training Cluster

OMB Circular A-110, Section 52 requires that the Financial Status Report for each project or program be submitted no less frequently than annually, and the awarding agency will determine the frequency of the report.

OMB Circular A-110, Section 44(b) requires that positive efforts shall be made by recipients to utilize small businesses, minority-owned firms, and women's business enterprises, whenever possible. All recipients of Environmental Protection Agency ("EPA") grants and cooperative agreements are required to set a "Fair Share" Minority and Women-Owned Business Enterprise ("MWBE") Utilization Goal. The University must report its progress annually to the EPA on Form 5700-52A. The University must also report to the administrative contracting officer semi-annually during contract performance on Standard Form 294 ("SF294") for each contract containing a subcontracting plan, for the periods ended March 31st and September 30th. Reports are due 30 days after the close of each reporting period unless otherwise directed by the contracting officer.
OMB Circular A-110, Section 51 requires that the recipients are responsible for managing and monitoring each project, program, subaward, function or activity supported by the award and the awarding agencies shall prescribe the frequency with which the performance reports shall be submitted.

In examining 57 Financial Status Reports due on either Standard Form 269 ("SF269") or Standard Form 272 ("SF272"), we noted that five reports were not submitted timely ranging from 33 to 100 days late. Reports were submitted late due to resource constraints. There was no supporting evidence of requested extensions from the sponsoring agency.

<table>
<thead>
<tr>
<th>Award Title and Award Number</th>
<th>CFDA Number</th>
<th>Federal Agency</th>
<th>Award Year</th>
<th>Type of Report</th>
<th>Number of Reports Late</th>
<th>Days Late</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Factors for Lacerations in Meatpacking; SR01OH008174-04</td>
<td>93.262</td>
<td>Department of Health and Human Services Centers for Disease Control and Prevention</td>
<td>September 1, 2007 through August 31, 2008</td>
<td>SF269</td>
<td>1</td>
<td>95</td>
</tr>
<tr>
<td>Contribution of Trails/Paths to Adults' Physical Activity; 06-JV-11231300-014</td>
<td>10</td>
<td>Department of Agriculture</td>
<td>April 16, 2006 through December 31, 2007</td>
<td>SF269</td>
<td>1</td>
<td>100</td>
</tr>
<tr>
<td>The effects of SAMe on reward circuitry in depression; 5 R21 AT002974-02</td>
<td>93.213</td>
<td>Department of Health and Human Services National Institutes of Health</td>
<td>July 1, 2007 through June 30, 2008</td>
<td>SF269</td>
<td>1</td>
<td>33</td>
</tr>
<tr>
<td>Antiangiogenic Natural Products Targeting Anthrax Toxin; W81XWH-08-1-0711</td>
<td>12.420</td>
<td>Department Of Defense U.S. Army Medical Command</td>
<td>September 15, 2008 through September 14, 2009</td>
<td>SF272</td>
<td>1</td>
<td>52</td>
</tr>
</tbody>
</table>

In examining five reports due on EPA Form 5700-52A, we noted that one report was submitted 15 days late. The lateness of the EPA report was due to resource constraints.

<table>
<thead>
<tr>
<th>Award Title and Award Number</th>
<th>CFDA Number</th>
<th>Federal Agency</th>
<th>Award Year</th>
<th>Type of Report</th>
<th>Number of Reports Late</th>
<th>Days Late</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uncertainty Analysis in Integrated Assessments, RD-83366701-2</td>
<td>66.509</td>
<td>Environmental Protection Agency Office of Research and Development</td>
<td>July 1, 2008 through June 30, 2009</td>
<td>EPA Form 5700-52A</td>
<td>1</td>
<td>15</td>
</tr>
</tbody>
</table>

In examining 24 non-financial required reports, we noted four exceptions. Two reports were not submitted timely and two reports were not submitted by the department. The lateness of these reports was due to the lack of monitoring process by each department.
### Harvard University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

<table>
<thead>
<tr>
<th>Award Title and Award Number</th>
<th>CFDA Number</th>
<th>Federal Agency</th>
<th>Award Year</th>
<th>Type of Report</th>
<th>Number of Reports Late</th>
<th>Days Late</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoting Democracy Through New Media; S-NEAPI-07-GR-198</td>
<td>19.500</td>
<td>U.S. Department of State Bureau of Near Eastern Affairs</td>
<td>April 1, 2008 through April 30, 2009</td>
<td>Final Annual Report</td>
<td>1</td>
<td>16</td>
</tr>
<tr>
<td>Detector and Telescope Development for ProtoEXIST ; NNG06WC12G</td>
<td>43.001</td>
<td>National Aeronautics and Space Administration</td>
<td>February 29, 2008 through February 28, 2009</td>
<td>Annual Progress Report</td>
<td>1</td>
<td>97</td>
</tr>
</tbody>
</table>

Late submission of reports may hinder awarding agencies' sponsoring decisions and may potentially affect future funding decisions.

**Recommendation**

We recommend the University review the circumstances which contribute to the late reports (e.g., staffing issues, or awareness of reporting requirements) and ascertain if alternative procedures should be implemented to ensure compliance with filing requirements on a timely basis. For example, specific procedures to obtain extensions or modification of due dates, identification of resource constraints, or enhanced tracking of due dates. We also recommend that the University continue to conduct training for personnel responsible for reporting requirements to ensure they are aware of all the requirements specified in the award agreements.

**Management's Views and Corrective Action Plan**

Following these findings are management's views and corrective action plan.
2009-5 Allowable Costs and Cost Principles

Education and Human Resources CFDA# 47.076

Circular A-21 Section C.2 requires that costs are only allowable when allocable to sponsored agreements.

Of the 55 transactions selected for the Education and Human Resources program, we noted one exception for $20,905 where the award was over charged by one month salary.

<table>
<thead>
<tr>
<th>Award Title and Award Number</th>
<th>CFDA Number</th>
<th>Federal Agency</th>
<th>Award Year</th>
<th>Exception</th>
</tr>
</thead>
<tbody>
<tr>
<td>IGERT: Integrated Training Program in Biomechanics; DGE-0221682</td>
<td>47.076</td>
<td>National Science Foundation</td>
<td>February 1, 2008 through August 31, 2009</td>
<td>1</td>
</tr>
</tbody>
</table>

Recommendation
We recommend the University continue to monitor and evaluate expenditures on federal awards for allowability.

Management's Views and Corrective Action Plan
Following these findings are management's views and corrective action plan.

2009-6 Initial Counseling for Graduate or Professional Student PLUS Loan Borrowers

Student Financial Aid Cluster

In accordance with the Code of Federal Regulations, 34 CFR 682.604(f)(2), the University must ensure that entrance counseling is conducted with each graduate or professional student PLUS loan borrower prior to its release of the first disbursement, unless the student has received a prior Federal PLUS loan or Direct PLUS loan.

For four graduate or professional student PLUS loan borrowers selected for student financial aid compliance testing at the Harvard School of Public Health, out of a total sample of 56 graduate or professional student PLUS loan borrowers selected across the University, entrance counseling was not conducted prior to the release of the first disbursement. (FFEL GradPLUS and DL GradPLUS Programs, for award year July 1, 2008 through June 30, 2009).

We understand, based on discussion with management, that entrance counseling was ultimately completed or loan funds were paid back in full for each of the borrowers, but due to human error, initial counseling was not performed timely. The effect of this error is a disbursement of federal funds prior to initial PLUS loan counseling.

Recommendation
Management should ensure that initial counseling, for all graduate or professional student PLUS loan borrowers, is performed on a timely basis, and that funds are not disbursed until the initial counseling is complete. We recommend that management institute a formal control to review the listing of graduate or professional student PLUS loan borrowers in order to determine, prior to the first disbursement, that initial counseling was conducted.
Management's Views and Corrective Action Plan
Following these findings are management's views and corrective action plan.
IV. Summary Schedule of Prior Audit Findings

2008-1 Effort Certification

Of the 62 effort certifications PwC tested, six timeliness exceptions, affecting both annual faculty certifications and monthly nonfaculty certifications, were noted. At the Harvard Medical School ("HMS"), two certifications were each submitted 87 days late. These certifications were not signed on time as the Principal Investigator was traveling and wanted to ensure that he understood the effort certifications before signing them by discussing with the Grant Administrator. Within Harvard Kennedy School ("HKS"), four certifications were submitted from 15 to 41 days late. These certifications were not signed on time as it took the corresponding individuals additional time to ensure accuracy of the certifications.

In addition, the FAS, effort information for the period July 1, 2006 through June 30, 2007 was made available to the faculty on September 15, 2008. Based on the FAS policy, these effort certifications were due November 14, 2008, or approximately 16 months after the end of the effort reporting period. The effort information was not made available sooner due to changes in the process of compiling the underlying information. While OMB Circular A-21 does not specify timelines within which the certifications must be collected, a reasonableness standard is implied inherently. PwC acknowledged that the FAS annual effort certification does not violate any definitive standard for timeliness, but believes it is beyond the implied standard.

PwC recommended management ensure that FAS effort reporting information becomes available to faculty members in a timely manner; that the University continue to emphasize through training and communication the importance of timeliness and accuracy of sponsored programs salary certifications; and to establish consistent internal policies that establish a reasonable timeline in which annual effort certifications must be completed.

Status

The corrective action plan was implemented: In response to the FY 08 finding related to the timing of the certification process for FY 07 faculty salaries and effort commitments, the FAS Faculty Effort Certification Policy and Procedures was modified to require completion of certification within nine months of the end of the year being certified. In compliance with this new stipulation in the Policy, certification of FY 08 salaries and effort commitments was completed by March 31, 2009.

HMS and HKS have complied with and completed their corrective action plans. The departments with the finding have consistently produced and filed their effort certifications in a timely way.

2008-2 Suspension and Debarment

In examining 65 transactions over the $25,000 threshold, PwC noted four certification forms were signed and dated after the related payments had been made for the transactions, one transaction for which a signed form could not be located (but a form could be located for a previous purchase from the same vendor), and three transactions for which signed forms could not be located. Based on PwC’s examination of these transactions, they noted four of the eight exceptions occurred within one specific department in the School of Public Health. PwC noted that the related vendors were not in fact either debarred or suspended at the time of their testing.
PwC recommended the University continue to conduct training for personnel who are charging costs to federal awards, to ensure they are aware of the University's internal policy which requires a signed certification that the vendor is not suspended or debarred prior to the related purchase being approved for payment.

**Status**

We conducted over 16 Procurement Training sessions, including VJF and Debarment in FY09. Strategic Procurement worked extensively with OSP and the OGC to evaluate Federal Regulations and our policy. We found that our policies were appropriate and consistent with the federal regulations and we did not make any changes. On our website’s main page (http://vpf-web.harvard.edu/ofsp/procurement/) we list the Procurement Manual as a featured link on the left. Within the Manual http://vpf-web.harvard.edu/ofsp/procurement/pro_pro.shtml, Section IV addresses Federal Procurement and details the regulations and our policies. Two “Additional Resources” sections (in Section IV and Section V) within the manual provide links to OSP.

At HSPH, progress has been made toward a purchasing process that will ensure timely creation and signature of Vendor Justification and Suspension and Debarment forms. A committee of department administrators and application designers worked all year on an improved electronic purchase order system, which is now in the programming and testing phase. This system has routing capabilities for several levels of approval and will allow purchasers to send debarment forms to vendors via email.

**2008-3 Procurement**

Of the 40 transactions PwC selected for testing that exceeded the $5,000 threshold, they noted four VJFs that were signed after the business had been conducted with the vendor and one VJF that was not entirely completed and therefore did not fully document the justification of selecting the related vendor.

PwC recommended management ensure that the University’s competitive bidding VJF procedures are completed and documented prior to entering into transactions with a vendor and that the University continue to emphasize through training and communication the importance of timeliness and accuracy of VJFs.

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2008-4 Return of Title IV Funds

For one student PwC selected for refund testing at HMS, out of a total sample of 16 students selected across the University, the refund form was not submitted to the government until 151 days after the date the University determined that the student withdrew. The required refund of $1,133 therefore was not returned within the 45 days as prescribed by the Code of Federal Regulations.

PwC recommended management ensure that all refunds are returned to the lender on a timely basis and that management institute a formal control to review the listing of students who withdrew on a monthly basis and verify that all applicable refunds have been sent to the lender in a timely manner.

Status

The 2008-4 Return of Title IV Funds finding appears to have been an isolated mistake. The Financial Aid community was notified of the error and has been diligent in tracking these cases. There were no Return of Title IV Funds findings identified in the 2009 audit.

Federal Awards Findings and Questioned Costs

2009-1 Effort Certification
Research and Development and Research Training Cluster

Management's Views and Corrective Action Plan

These effort certification findings related to a monthly salary certification report at HLS that should have been run and dated as part of regular grants management practice. This report had been run for the grant administrator by the Harvard Law School financial office. The employee in the financial office who had been running this report departed service at Harvard. In the hand-off of duties to other employees in the financial office, responsibility for running this report was inadvertently dropped and the report was not reliably run for grant 108815. In response to this finding, Harvard Law School is implementing the following three-part plan:

1) Provide reporting access to the monthly salary certification report to the grant administrator to permit self service for the grant administrator and remove reliance on the financial office to run the actual report. As a compensating control, the finance office agrees to periodically monitor the salary certification process.

2) Review open federal grants to ensure each grant administrator has access to the monthly salary certification report.

3) Create a formal Harvard Law School sponsored research policy which will ensure proper training of grants management staff. This policy will require that, at time of grant proposal submission to the Office for Sponsored Programs, the grantees are informed of their responsibilities relating to federal grants, including salary certification process and practice. The Financial Office will hold a training seminar for all HLS staff currently involved in Sponsored Awards in January 2010 to convey the reporting expectations of the PI and Grant Administrators when Sponsored Funds are awarded. In addition, monthly report reminders will be sent out to grant administrators through GMAS for each federal award.
2009-2 Suspension and Debarment
Research and Development and Research Training Cluster

Management's Views and Corrective Action Plan
Research and Development and Research Training Cluster

There were two suspension and debarment forms identified as not being completed in FY09, one at the Primate Center (administered by HMS) and one form not dated at SEAS. OSP and Strategic Procurement (SP) will collaborate to continue to deliver training to those responsible for procurement at the department and program level in order to reiterate the importance of the suspension and debarment process prior to purchase or commitment. OSP and Strategic Procurement will also reiterate the importance of retaining proper documentation in procurement files.

In the Primate Center, there was a procurement commitment with a strict non-performance clause that allowed for immediate termination of the monthly contract based on non-performance. This contract was administered as a monthly procurement, although the contract’s entire annualized cost exceeded $25,000. The Primate Center will initiate a revised approach toward all of its vendors from whom related purchases may exceed an annual expenditure of $25,000, the minimum requirement for a suspension and debarment form. Starting in December 2009, the Primate Center will run reports through CREW to determine which vendors have had an aggregate expenditure of more then $25,000 over the past 12 months, and will initiate suspension and debarment forms for each of these vendors. These reports will continue to be run and reviewed twice per year. As a precaution, the Primate Center’s Business office will also send suspension and debarment forms automatically for any new vendor. The Business Office has already alerted all relevant staff via in person meetings as to the new requirement.

OSP worked with Strategic Procurement and the Office of General Counsel on a review of the suspension and debarment (S&D) policy at Harvard to ensure that our University policy meets the objectives of the federal procurement regulations. The review showed that the federal regulations in fact require that an S&D form be retained for all purchasing commitments over $25,000. We will continue to reiterate at periodic training sessions the importance of providing this support at the time of commitment as opposed to at the time of invoice. Harvard will also review their procurement policies and determine if the language should be clarified.

As a compensating control measure, Harvard has engaged the services of a vendor who does an annual scrub of our entire University vendor database to determine if any payments were made to suspended or debarred vendors; no such payments were identified as having been made by Harvard in FY09.

2009-3 Procurement

Research and Development and Research Training Cluster, National Center for Research Resources CFDA# 93.389, and Rapid Expansion of Antiretroviral Therapy Programs under the President's Emergency Plan for AIDS Relief (PEPFAR) CFDA# 93.266
Management's Views and Corrective Action Plan

Harvard's internal policy requires federally funded transactions in excess of $5,000 to be accompanied by a Vendor Justification Form ("VJF") prior to conducting business with the related vendor. The VJF is required to document that the lowest qualified bid was chosen or that there was other justification for vendor selection. Of the four Vendor Justification Forms (VJFs) that were noted as exceptions, three were not completed in their entirety and one VJF was not signed and dated.

OSP will reiterate the importance of the VJF process in order to ascertain that the best value is charged to federal awards. OSP and Strategic Procurement will continue to partner and provide refresher training University-wide on the importance of documenting the vendor selection process and the completion of the VJF in its entirety.

The first item pertains to a transaction for a grant administered by the HSPH program in Botswana) that conducts HSPH’s research and other related activities there. Currently, the HSPH Botswana program procedures are being reviewed for compliance assurance. Although applicable procurement procedures for the HSPH programs run in Botswana have historically required competitive bids, these procedures to date have not required the completion of a VJF. The Botswana HSPH program has now created its own VJF, using the Harvard form as a template, and will be revising its procedures to require the completion of the form.

The second transaction was a purchase made through HMS IT, but the VJF was incomplete. Now HMS has recognized the need to provide grants management expertise in its Information Technology Department. A new position has been created and part of this position will be assigned to manage all the grants held within the HMS Information Technology Department. In addition, HMS has provided IT staff with training on processing Vendor Justification Forms.

Similarly, the third transaction in question relates to payment to a hotel for a conference; the payment was made by the PEPFAR program at HSPH, but no VJF was obtained. To ensure that all required VJFs are collected and maintained on file in PEPFAR’s Boston office in the future, management intends to carry out the following steps:

- Effective December 2009, PEPFAR’s Boston office will require that a VJF be provided at the time a hotel reservation for a training event in Nigeria is made. In-country Senior Financial Officers (SFOs) at Harvard’s in-country subcontractor, APIN, will be responsible for completing the VJFs and for forwarding them to the Long Term Operating Advance (LTOA) contact in the Boston office.
- Boston-based PEPFAR management will require that VJFs be included in the supporting documentation that accompanies a request for reimbursement of expenses paid via the LTOA.
- If a VJF is missing from the supporting documentation, the Boston PEPFAR office will request that the responsible SFO provide one. The LTOA will not be reimbursed until the required VJF is on file in Boston.
- This new practice has been communicated in writing to the SFOs, as well as to the Nigeria-based CFO at APIN to whom they report. PEPFAR management will follow up during its regularly scheduled conference calls, and this topic will also be covered during the planned training visit to Boston to be made in January 2010 by Nigerian financial staff.
Finally, as an added measure of post-audit control, PEPFAR’s Boston office intends to spot-check the Boston-based LTOA reimbursement files on a quarterly basis to ensure that all supporting documentation packets are complete. This procedure will be documented so that it can be checked periodically.

2009-4 Reporting
Research and Development and Research Training Cluster

Management's Views and Corrective Action Plan
Financial Reporting

Of the 57 financial reports selected for testing, there were five reports submitted between 33 and 100 days late. OSP makes every effort to submit reports on time, but was not able to complete accurate and timely reporting on these five awards. OSP tracks the financial reports due and makes every effort to reallocate portfolio responsibilities in order to meet federal submission guidelines, but has been unable to do so consistently and uniformly due to capacity and workload issues. OSP will continue to explore efficiencies in the financial reporting model that will enable its staff to continue efforts to submit timely and accurate financial status reports.

Minority Vendor Reporting

University recipients of EPA grants and cooperative agreements are required to set a Fair Share goal for minority contractor participation. The Principal Investigator must report progress on this goal annually to the EPA on Form 5700-52A. This form is available from the EPA and can be copied. Of the five EPA reports selected for testing, one report from HSPH was submitted by the department administrator 15 days late. OSP centrally manages the reminders for these reports and will make additional efforts to ensure that these contractually required reports are submitted in a timely fashion.

At HSPH, steps have already been taken to prevent a late filing in the future.

Specifically, the following actions have been taken by HSPH.

1. HSPH has instituted a procedure to remind subcontractors and principal investigators (PIs) that Minority Vending Reports must be sent to grant managers.
2. In the event that the subcontractor reports are not available when Minority Vending Reports are due, HSPH will submit the Minority Vending Reports without the subcontractor report and follow up with a revised report as soon as it is available.

Non-financial Reporting

Interim and final progress reports, patent and invention reports, and any other non-financial reports due to sponsors are usually the responsibility of the PI and the department. Of the 24 non-financial reports selected for testing, there were four exceptions for timeliness. Due dates for filing these reports do not reside in the central GMAS system, so departments must obtain these dates from the terms and conditions of the sponsored award agreement and then use shadow systems and local “ticklers” to keep track of this important information. FAS will reiterate the need for departments and PIs to maintain local systems for this purpose on the FAS Research Administration Services (RAS) website, in one or more of our monthly “RAS Friday”
for grants administrators (OSP attends these sessions also), and in a distribution to our FAS RAS mailing list. One widely used FAS shadow system, FASSPAR, has a Deadlines report for each sponsored award and a Consolidated Deadlines report that rolls up all of the individual Deadlines reports. Departmental grants administrators will be reminded of the existence of this useful tool. There may have been conversations between the principal investigators and their program officers regarding the submission requirements for these reports. We do not have evidence of such correspondence, but such conversations are quite common between investigators and grants officers. The FAS will continue to reiterate the importance of meeting sponsor deadlines and will provide guidance to PIs and administrators on the need to retain any correspondence that indicates sponsor knowledge and/or approval of late submissions.

2009-5 Allowable Costs and Cost Principles
Education and Human Resources CFDA# 47.076

Management's Views and Corrective Action Plan

It is believed that this finding was an isolated incident, not indicative of any systemic problem with the grants management policies and procedures in the department. However, management will take the opportunity to remind PIs and grants administrators to review the terms and conditions of each award carefully to avoid situations like this in the future. This charge has been removed from the federal award.

2009-6 Initial Counseling for Graduate or Professional Student PLUS Loan Borrowers
Student Financial Aid Cluster

Management's Views and Corrective Action Plan

Regulatory changes requiring entrance counseling for these loan programs became effective July 1, 2008. While implementing new entrance counseling procedures at the School of Public Health, tracking errors occurred and four FFEL GradPLUS loans were disbursed before counseling was completed.

In order to ensure that entrance interviews are performed prior to disbursement for PLUS loan borrowers, the Financial Aid Office at SPH will no longer certify these loans until the entrance interview is completed.

Sincerely,

Mark Barnes
University Research Compliance Officer

Maureen Forrester
University Controller
(2009-6)

Harvard University Fiscal Year 2009 A-133 Corrective Action Plan