Part IV

Findings
I. 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 not considered to be material weaknesses? None Reported

Noncompliance which is material to financial statements noted? No

Federal Awards
Internal control over major programs

Material weakness(es) identified? No

Significant deficiency(ies) identified not considered to be material weakness(es)? 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</td>
<td>Research and Development and Research Training Cluster</td>
</tr>
<tr>
<td>Various</td>
<td>Student Financial Aid Cluster</td>
</tr>
<tr>
<td>45.312</td>
<td>Simple Verified Distributed Preservation: A Policy Based Archival Replication System for Libraries, Archives, and Museums using a Virtual Private LOCKSS Network (LOCKSS)</td>
</tr>
<tr>
<td>93.061</td>
<td>Linking Assessment and Measurement to Performance in PHEP Systems (LAMPS)</td>
</tr>
</tbody>
</table>

Dollar threshold for Type A and Type B programs: $3,000,000

Auditee qualified as a low-risk auditee? Yes

114
II. Financial Statement Findings

None noted.

III. Federal Awards Findings and Questioned Costs

2011-1 Effort Certification

Research and Development and Research Training Cluster

**Grantors:** Advanced Research Projects Agency- Energy  
**Award Names:** Engineering a Bacterial Reverse Fuel Cell  
**Award Years:** 07/01/2010 - 06/30/2011  
**Award Numbers:** DE-AR0000079  
**CFDA Numbers:** 81.135

**Condition**
The Hansjorg Wyss Institute for Biologically Inspired Engineering at Harvard University (“Wyss”) has developed procedures in accordance with the Harvard Medical School (“HMS”) nonFaculty salary and effort certification policy to comply with OMB Circular A-21. The HMS policy requires monthly certification of nonfaculty salary 30 days after the financial close of each month and annual certification of faculty salary by March 31st of the year after the end of the fiscal year being certified. The Wyss is responsible for overseeing the salary certification process. In the Wyss it is the role of the Senior Administrator, under the supervision of the Associate Director for Sponsored Projects, to print, review and track monthly salary certifications for completion.

Of the 60 effort certifications tested for the Research and Development and Research Training Cluster, 1 exception was noted, as follows:

<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 Late Certifications</th>
<th>Days Late</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering a Bacterial Reverse Fuel Cell Project ID: 05693871-01 Grant ID: DE-AR0000079</td>
<td>81.135</td>
<td>Advanced Research Projects Agency- Energy</td>
<td>July 1, 2010 through June 30, 2011</td>
<td>1</td>
<td>9 days late</td>
</tr>
</tbody>
</table>

**Criteria**
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. At least annually a statement must be signed by the employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed, stating that salaries and wages charged to sponsored agreements as direct charges, and to residual, F&A cost or other categories are reasonable in relation to work performed. For professorial and professional staff, the reports must be prepared each academic term, but no less frequently than every six months. For other employees, unless alternate arrangements are agreed to, the reports will be prepared no less frequently than monthly and will coincide with one or more pay periods.

**Cause**
The University’s policies and procedures related to the timeliness and approvals of effort reporting were not properly executed in this one instance at Wyss.
Effect
One certification of effort was not certified in a timely fashion. Late effort certifications increase the risk that inaccuracies in salary distribution may go undetected due to either the passage of time or inappropriate oversight.

Questioned Cost
None noted.

Recommendation
We recommend the University continue to emphasize through training and communication the importance of timely effort certifications.

Management’s Views and Corrective Action Plan
Management’s views and corrective action plan is included at the end of this report after the summary schedule of prior audit findings and status.

2011-2 Suspension and Debarment

Research and Development and Training Cluster and LAMPS

Grantor: CDC/Coordinating Office for Terrorism Preparedness and Emergency Response; National Institute of Health (National Cancer Institute); Genetics of Herpesvirus Transformation, National Institute of Allergy & Infectious Diseases (NIAID)

Award Name: Linking Assessment and Measurement to Performance in PHEP Systems (LAMPS), Prospective Studies of Diet and Cancer in Men and Women

Award Years: 9/30/09 to 9/29/10 and 9/30/10 to 9/29/11, 9/30/09 - 9/29/11

Award Numbers: 5P01TP000307-03rev, 3P01CA055075

CFDA Numbers: 93.855, 93.061

Condition
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 examining 62 transactions over $25,000, we noted one certification form was signed and dated after the related payment had been made, and one certification form which was undated, as follows:

<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 Exceptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Genetics of Herpesvirus Transformation Grant ID: 5R01AI063106-29</td>
<td>93.855</td>
<td>NIH: National Institute of Allergy &amp; Infectious Diseases</td>
<td>June 1, 2010 through May 31, 2011 and June 1, 2011 through May 31, 2012</td>
<td>1 form undated and therefore timely submission could not be verified</td>
</tr>
<tr>
<td>Linking Assessment and Measurement to Performance in PHEP Systems (LAMPS) Grant ID: 5P01TP000307-03rev</td>
<td>93.061</td>
<td>CDC/Coordinating Office for Terrorism Preparedness and Emergency Response</td>
<td>September 30, 2009 through September 29, 2010 and September 30, 2010 through September 29, 2011</td>
<td>1 form signed late</td>
</tr>
</tbody>
</table>
The first purchase, totaling $32,420, related to the CDC LAMPS grant, CFDA #93.061 and was signed 268 days after the posting date. The second purchase, totaling $34,883, related to the Genetics of Herpesvirus Transformation grant, CFDA #93.855 and the vendor justification form was signed but undated and therefore, timely submission could not be verified. Based on our testing of these transactions by tracing the vendor to the Excluded Parties List System, we noted that the related vendors were neither suspended nor debarred at the transaction dates and at the time of our testing.

Criteria
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 checking the Excluded Parties List System, the collecting a certification from the entity or adding a clause or condition to the covered transaction with that entity.

Cause
Two certification forms were not processed in a timely fashion at the School of Public Health (SPH) and Medical School (HMS) due to human error.

Effect
Late suspension and debarment certification forms may cause the University to engage in business relationships with debarred or suspended vendors, which could result in questioned costs.

Questioned Cost
None noted.

Recommendation
We recommend 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. Adherence to the University policy will help ensure that vendors are not debarred or suspended prior to entering into transactions with them.

Management’s Views and Corrective Action Plan
Management’s views and corrective action plan is included at the end of this report after the summary schedule of prior audit findings and status.
2011-3 Financial Reporting

Research and Development and Research Training Cluster and LOCKSS

Grantor: National Institute of Health/ National Human Genome Research Institute/National Institute of General Medical Sciences; Department of Defense
Award Name: Synaptonemal Complex Assembly and Function in Meiosis, BRCA1 Pathway Functionality in Basal-Like Breast Cancer
Award Year: See table below
Award Number: See table below
CFDA Number: See table below

Condition
In examining 60 Financial Status Reports, we noted 5 reports were submitted late, as follows:

<table>
<thead>
<tr>
<th>Award Title, Program and Award Number</th>
<th>CFDA #</th>
<th>Federal Agency</th>
<th>Award Year</th>
<th>Number of Reports Late</th>
<th>Type of Report</th>
<th>Days Late</th>
</tr>
</thead>
<tbody>
<tr>
<td>Synaptonemal Complex Assembly and Function in Meiosis, R&amp;D Grant ID: 5R01GM072551-05</td>
<td>93.859</td>
<td>National Institute of Health/ National Human Genome Research Institute/National Institute of General Medical Sciences</td>
<td>8/1/10 – 7/31/11</td>
<td>1</td>
<td>SF269</td>
<td>11</td>
</tr>
<tr>
<td>BRCA1 Pathway Functionality in Basal-Like Breast Cancer, R&amp;D Grant ID: W81XWH-08-1-0748</td>
<td>12.420</td>
<td>Department of Defense</td>
<td>10/1/10 - 9/30/11</td>
<td>1</td>
<td>SF425</td>
<td>16</td>
</tr>
<tr>
<td>Simple Verified Distributed Preservation: A Policy Based Archival Replication System for Libraries, Archives, and Museums using a Virtual Private LOCKSS Network, LOCKSS Award: LG-05-09-0041-09</td>
<td>45.312</td>
<td>Institute of Museum and Library Services</td>
<td>10/1/10 – 9/30/11</td>
<td>1</td>
<td>SF425</td>
<td>38</td>
</tr>
</tbody>
</table>

Criteria
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. Recipients should use the standard financial reporting forms or other such forms as may be authorized by OMB (approval is indicated by an OMB paperwork control number on the form).

Cause
The lateness of the financial status reports was due to lack of resources.

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

Questioned Cost
None noted.
Harvard University
Summary of Findings and Questioned Costs
Year Ended June 30, 2011

Recommendation
We recommend the University continue review resources allocated to the reporting function to determine if additional resources are needed to ensure the timeliness of reporting.

Management’s Views and Corrective Action Plan
Management’s views and corrective action plan is included at the end of this report after the summary schedule of prior audit findings and status.

2011-4 - Unallowable Costs

Research and Development and Research Training Cluster

Grantors: National Institute of Health/National Human Genome Research Institute
Award Names: Development of Electron Microscopy-based Nucleic Acid Polymer Sequencing
Award Years: 09/30/2009 - 7/31/2010 and 08/01/2010 - 07/31/2011
Award Numbers: Grant ID: 5RC2HG005592-02
CFDA Numbers: 93.701 (ARRA)

Condition
During our testing of 120 direct cost testing selections for the Research and Development and Research Training Cluster, 1 exception was noted, totaling $1,041. A University employee traveled off-site to perform a subrecipient review. This employee traveled with another individual not associated with the award and reimbursement was inappropriately requested for certain meal and lodging expenses for this individual. These unallowable costs were not identified through existing University controls

Criteria
OMB Circular A-21, Cost Principles for Educational Institutions, defines allowable costs as those that are considered reasonable and necessary for the operation of the institution or the performance of the sponsored agreement.

Cause
There was a lack of understanding of University and federal grant travel policies amongst personnel involved in this award.

Effect
The University is at an increased risk of charging federal grants for costs which are unrelated to the award due to lack of effective controls to prevent or detect unallowable costs.

Questioned Cost
The total amount of questioned costs related to this grant is $1,041.

Recommendation
We recommend the University emphasize to all staff working on federal awards the importance of compliance with the University’s expense reimbursement policy and federal cost principles regarding allowable costs. In addition, the University should reimburse the award.

Management’s Views and Corrective Action Plan
Management’s views and corrective action plan is included at the end of this report after the summary schedule of prior audit findings and status.
2011-5 - Federal Funding Accountability and Transparency Act (FFATA) Reporting

Research and Development and Research Training Cluster

**Grantors:** National Institute of Health and National Institute of Allergy and Infections Diseases  
**Award Names:** Transcriptome profiling of Trypanosoma cruzi and its host cell  
**Award Years:** 06/01/11 - 05/31/12  
**Award Numbers:** 110412 - 5043245  
**CFDA Numbers:** 93.855

**Condition**  
In examining 8 Federal Funding Accountability and Transparency Act (FFATA) reports, we noted 1 report that was submitted 30 days late.

**Criteria**  
Beginning with awards received October 1, 2010 and after, the FFATA reporting requirement was effective for the University. This law requires that Grant, Cooperative Agreement, and Contract recipients report information related to subawards issued which have an obligation of $25,000 or greater by the end of the month following the month in which the subaward agreement or modification was fully executed. These reports are required to be submitted once each time a subagreement or modification is fully executed for all applicable awards.

**Cause**  
A University exception report correctly flagged a discrepancy in how this award was input into the University's sponsored program management system. Reviewing this report would have allowed management to identify that a FFATA report was required, however, the exception report was not distributed to the appropriate users.

**Effect**  
The lack of timely reporting under FFATA does not allow information to be made available to the public in a timely manner and does not comply with FFATA requirements.

**Questioned Cost**  
None noted.

**Recommendation**  
We recommend the University emphasize to all grant reporting staff the importance of accurate data entry and secondary reviews of this entry during award set-up to ensure errors are detected and corrected in a timely manner.

**Management’s Views and Corrective Action Plan**  
Management’s views and corrective action plan is included at the end of this report after the summary schedule of prior audit findings and status.
Harvard University
Summary of Findings and Questioned Costs
Year Ended June 30, 2011

2011-6 Stafford Loan Limits

Student Financial Aid Cluster

Grantor: Department of Education
Award Name: Federal Stafford Loan Program
Award Year: Not applicable
Award Numbers: Not applicable
CFDA Number: 84.032

Condition
For one student selected for eligibility testing at the Harvard Divinity School, out of a total sample of 170 students selected across the University, a Stafford loan was awarded in excess of the annual limit. The student received a Stafford loan award of $20,644 for the academic year, which is $144 over the annual loan limit.

Criteria
In accordance with the Code of Federal Regulations, 34 CFR 685.203, the total that a graduate or professional student may borrow in any one academic year of study under the Federal Direct Stafford Loan Program may not exceed $20,500.

Cause
We understand based on discussion with management that human error led to the administration of an additional loan amount later in the academic year that was in excess of the annual limit under the Federal Direct Stafford Loan Program.

Effect
Students may receive program funds in excess of annual limits if proper controls around loan administration are not in place.

Questioned Cost
None noted.

Recommendation
Management should implement a control to monitor annual loan levels to ensure that no student is awarded an amount above the annual loan limit.

Management’s Views and Corrective Action Plan
Management's views and corrective action plan is included at the end of this report after the summary schedule of prior audit findings and status.
Harvard University
Summary of Findings and Questioned Costs
Year Ended June 30, 2011

2011-7 Disbursement of Funds

Student Financial Aid Cluster

Grantor: Department of Education
Award Name: Various
Award Year: Various
Award Numbers: Various
CFDA Numbers: 84.032, 84.033, 84.038

Condition
For one student selected for eligibility testing at the American Repertory Theatre out of 170 students selected across the University, the student did not sign a Title IV Disbursement Release Form until July 18, 2011, after aid had been disbursed. The Title IV funds were, in part, applied to health insurance, which is an institutional charge that requires borrower authorization prior to loan disbursement. In further testing performed over the entire population of Title IV aid recipients at the American Repertory Theatre, it was noted that for 29 students out of 36 that received Title IV aid, a Disbursement Release Form had not been signed before aid was disbursed for health insurance fees.

Criteria
In accordance with the Code of Federal Regulations, 34 CFR 668.165(b) and 668.164(d)(2), the institution must obtain authorization from the borrower prior to applying the funds to other educationally related charges.

Cause
We understand based on discussion with management that management had not implemented a control to ensure that the borrower's authorization was received for the application of Title IV funds to ineligible charges, such as health insurance.

Effect
Federal funds may be applied to ineligible charges prior to the borrower's authorization.

Questioned Cost
None noted.

Recommendation
Management should implement a control to ensure that a signed Title IV Disbursement Release Form is signed prior to the disbursement of federal funding.

Management's Views and Corrective Action Plan
Management's views and corrective action plan is included at the end of this report after the summary schedule of prior audit findings and status.
Harvard University
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2011

IV. Summary Schedule of Prior Audit Findings

2010-1 Effort Certification

Research and Development and Research Training Cluster and Harvard Clinical and Translational Science Center

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

The Faculty of Arts and Sciences (FAS) policy requires monthly certification of nonfaculty salary 30 days after the financial close of each month, which normally takes 5 to 10 business days, and annual certification of faculty salary by March 31st of the year after the end of the fiscal year being certified. The School of Engineering and Applied Sciences (SEAS) follows FAS’s certification process. The Harvard Medical School (HMS) policy requires monthly certifications to be due by the last day of the month following the month being certified.

Of the 60 effort certifications tested for the Research and Development and Research training cluster, 5 instances of late certifications were noted, 3 of which were undated certifications submitted to FAS and 2 of which were certification submitted late to SEAS. There were 4 certifications submitted late to the HMS Center for Biomedical Informatics (CBMI).

Status
The corrective action plan was implemented.

FAS - This finding was communicated to department effort coordinators and the research administration community at the Research Administration Services (RAS) Friday meeting in February 2011. Policy information and processes were discussed and provided to attendees. In addition, RAS sends quarterly email reminders to our effort coordinators, which includes a policy statement on timely certification and dating of effort certifications.

HMS - CBMI hired a Director of Administration in March 2011 who is now responsible for oversight of the sponsored research portfolio of that group including oversight of effort reporting. Since the Director of Administration was hired he has taken personal responsibility to ensure that all effort reports are signed and returned within the time limits of the HMS policy. Additionally a senior grants manager from another HMS department is currently working full time in CBMI with the expectation that she will permanently transfer to this department to provide additional oversight and support of the growing sponsored portfolio of this department.

SEAS - At each month-end, Grants and Contracts Specialists review each account before the month is closed. After the month is closed, an accounting associate runs the CREW report and distributes the monthly effort certifications for that month and submits them to the PIs for their review and signature. Once signed, the report is sent back to the accounting associate who coordinates the tracking. The accounting associate sends out a reminder to the PIs when the due date is approaching. From the tracking data, the accounting associate will escalate the follow-up to both the director of accounting and director of research administration, as necessary.
2010-2 Special Provisions

Research and Development and Research Training Cluster

The University must notify the National Institute on Drug Abuse (NIDA) when research findings specific to the *Retrograde Signaling by Endogenous Cannabinoids* grant are about to be published. Notice must be given to NIDA in order to allow for timely release to the media. A research finding related to this grant was published during 2010, but NIDA was not notified of this publication.

Status

The corrective action plan was implemented. The department met with the grant managers for this award and ensured the requirements for the special provisions were communicated and understood. In addition, a reminder about the importance of complying with all terms and conditions, including special provisions, for each Federal award was discussed at a faculty meeting for the department, and at the HMS Research Open Forum. The Office for Sponsored Programs is also now indicating all nonstandard terms in the comment section of the Action Memos for awards.

2010-3 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. Of the 60 transactions over $25,000 examined, one certification form was signed and dated after the related payment had been made.

Status

The corrective action plan was implemented. Policy information relating to purchasing processes and regulations surrounding suspension and debarment requirements were communicated and provided to research administrators at the Research Administration Services (RAS) Friday meeting in February 2011. In addition, purchasing, suspension and debarment requirements are part of our “Spending Sponsored Funds” workshop training, which is held at least annually.

The implementation of a new university-wide procurement system, HCOM, is on track as scheduled. Several FAS departments, labs and centers are currently using the new system, which automatically prompts the user to obtain appropriate suspension and debarment approvals prior to processing purchases over a certain dollar threshold.

2010-4 Financial 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. In examining 60 Financial Status Reports, one report was identified as being submitted 18 days late.
Status
The corrective action plan was implemented. The Office for Sponsored Programs (OSP) has created new positions (Sponsored Associates) who help with invoicing, thus increasing the capacity of the existing financial analysts to ensure they are able to submit reports on time. In addition, OSP is exploring other efficiencies in their financial reporting model such as some reporting automation in order to meet the financial status report deadlines.

2010-5 American Recovery and Reinvestment Act Reporting

Research and Development and Research Training Cluster, Student Financial Aid Cluster, Community Service Block Grant Cluster, and Other Programs

Section 1512 of the Recovery Act requires quarterly reports on the use of Recovery Act funding by recipients no later than the 10th day after the end of each calendar quarter (beginning the quarter ending September 30, 2009) and for the Federal agency providing those funds to make the reports publicly available no later than the 30th day after the end of that quarter. September 30, 2009 was the first quarter in which reporting was required under section 1512. A total of 15 reports were examined, and each report was submitted timely and included 3 full months of data, however, quarterly data was lagging 1 month in arrears.

Status
The corrective action plan was implemented. Harvard is submitting quarterly reports through the calendar quarter end using the best available data for the reporting period. This has been implemented for the January 2011 reporting cycle and all subsequent cycles.

2010-6 Equipment and Real Property Management

Research and Development and Research Training Cluster and Other Programs

Circular A-110, Subpart C. 34.f.1, states that equipment acquired with federal funds and federally-owned equipment shall be maintained accurately and shall include a description of the equipment, manufacturer’s serial number, model number, other identification number, source of the equipment (including the award number), whether title vests in the recipient of the Federal Government, acquisition date and cost, location and condition of the equipment, the date the information was reported and unit acquisition cost.

In 7 of the 50 selections examined at the Faculty of Arts and Sciences (FAS) the source of the funds used to purchase the equipment could not be identified. Of the 25 selections traced from the floor to the detailed equipment inventory listing, 1 FAS item could not be traced to the inventory listing and 2 pieces of equipment at the School of Engineering and Applied Sciences (SEAS), were in the inventory system but were not assigned a cost.

Status
The corrective action plan was implemented.

FAS - The University is currently in the planning phase of R12 (Oracle upgrade), which includes reviewing the need for a new fixed-asset management system. In the interim, FAS RAS has submitted several system enhancements for Equipster, to HUIT Administrative Computing.

SEAS - Tagging request forms are now attached to the requisition in I-Procurement. Information on how to obtain an equipment tag, and how to append a tagging request form is available on SEAS intranet. The information on the tagging form allows staff to verify and segregate costing for individual tag when an invoice received from a single vendor contains charges for multiple tags.
2010-7 Loan Disbursement Eligibility

Student Financial Aid Cluster

In accordance with the Code of Federal Regulations, 34 CFR 668.164(g)(i), an otherwise eligible student becomes ineligible to receive a title IV loan under the FFEL program on the date that the student is no longer enrolled at the institution as at least a half-time student for the period of enrollment for which the loan was intended.

For one of the 142 student selected for eligibility testing at the Harvard Graduate School of Arts and Sciences, a FFEL loan was disbursed to a withdrawn student. The student had withdrawn from the University on August 25, 2009, and a disbursement was credited to the student’s account on November 6, 2009, prior to the certification of the loan. A refund check was cut from the University to the student on February 2, 2010 totaling $4,290.

Status
The corrective action plan was implemented.

Training was provided to the University’s financial aid officers on October 20, 2010 to review eligibility criteria. In addition, the Graduate School of Arts and Sciences has implemented controls utilizing their financial aid management system to ensure that loans are not originated or disbursed until all necessary paperwork has been received.

2010-8 Adjustment to the Cost of Attendance

Student Financial Aid Cluster

In accordance with the Higher Education Assistance Act, HEA Section 479A(a), adequate documentation for adjustments to a student’s cost of attendance shall substantiate such special circumstances of individual students. The reason for the adjustment to the cost of attendance must be documented in the student’s file, and it must relate to the special circumstances that differentiate the student.

For one student selected for eligibility testing at the Harvard Graduate School of Design, out of a total sample of 142 students selected across the University, and increase to the standard cost of attendance was not substantiated by sufficient documentation. An unsubstantiated increase of $3,000 was noted in the student’s cost of attendance calculation.

Status
The corrective action plan was implemented.

The Graduate School of Design has implemented controls to ensure that all correspondence, including notes from face-to-face meetings, are included in the student’s file when the cost of attendance increase has been approved and entered into the financial aid management system.
February 10, 2012

Management’s Views and Corrective Action Plan

2011-1 Effort Certification

The Wyss Institute for Biologically Inspired Engineering will continue to emphasize the importance of timeliness and accuracy of sponsored projects salary and effort certification. Training of principal investigators (PIs) and a restructure of the administrative process are underway at the Wyss Institute to reinforce the multiple responsibilities that accompany federal funding, including effort reporting. The Wyss Sponsored Projects Team (WSPT) member will institute a new process of having a project start up meeting at the time of a new or renewed award with the PI, which will include one-on-one continued compliance training with the PI, detailing, among other things, the monthly effort reporting requirement, policy and procedures.

Additionally, a new monthly cover letter accompanying the effort certification form to the PI has been standardized to identify the month, project period, and deadline for the attached effort certification, with key points of effort certification and listing contact information if they have questions or need clarification.

The restructure of the administrative process includes implementation of a new automated electronic tracking system utilizing Outlook task manager. This system will generate email reminders to key stakeholders – the PI, Wyss Sr. Administrator responsible for the effort reporting, other members of the WSPT and the Wyss Associate Director for Sponsored Project. The Wyss Associate Director for Sponsored Projects will perform monthly audits of the effort reporting files. These new changes will be communicated to the WSPT during the regularly scheduled team meetings. Email reminders will be sent to the PI of all sponsored projects from the Associate Director, Sponsored Projects.

The Wyss Associate Director of Sponsored Projects will ensure the adherence to these new processes will be measured utilizing the task manager in Outlook, through the monthly audit of the effort reporting files and requesting feedback directly from the PIs and administrative team members involved in the implementation of the new procedures.
2011-2 Suspension and Debarment

All transactions placed with a single vendor (excluding sub-recipient invoices) through The Harvard Crimson Online Marketplace (HCOM) greater than $24,999.99 will be flagged as needing a debarment form. The purchase will first be reviewed for completeness and coding accuracy by the department's respective grants manager then forwarded to the authorized approver for final review and approval.

In addition to procedural changes to surrounding Debarment Certification, the Departmental Administration at HMS and SPH Research Administration Office have distributed Standard Operating Procedures and plan to have training sessions on this issue.

2011-3 Financial Reporting

Of the 60 financial reports selected for testing, PwC noted that four reports were submitted late, ranging from 11 to 38 days late. The Office for Sponsored Programs OSP Financial Analysts regularly track financial reports due and endeavor to ensure timely submission of all reports. When reports cannot be completed on time, Financial Analysts have been instructed to request extensions from sponsors. In recent years, OSP has re-allocated resources and prioritized reporting assignments to keep pace with increased sponsor reporting requirements. In FY12, OSP will investigate improved efficiencies in financial reporting areas as follows: (a) the exploration of a web-based portal to automate standard invoicing and reporting and streamline workflow; (b) continued training and outreach efforts throughout the University to emphasize the importance of timely and accurate financial reporting and understanding of roles and responsibilities; (c) the creation and distribution of new tools for grant managers aimed at streamlining and improving grants management. University management will also be informed of the resource constraints within OSP that led to the late filing of these reports.

2011-4 - Unallowable Costs

This particular instance of non-compliance with Federal and Harvard University travel reimbursement policies was an isolated error related to the poor performance of one particular Grant Manager who no longer works at Harvard. The incident has highlighted the need for continued communication, on-going education and monitoring of compliance with policy requirements at the department level. Well-trained Grants Managers are crucial to compliance with federal requirements and Harvard policies.

Immediate steps were taken to remove the expenditure from the Federal fund and to train the individual who was responsible for the error. All expenditures on this award were reviewed and no additional unallowable charges remain on the award. Additionally the HMS Department of Genetics initiated a comprehensive review of all reimbursement requests processed by the responsible Grant Manager in FY11. The department Finance Manager met with all the Grants Managers to review the Harvard Travel Policy and HU Business Purpose documentation requirements.

Going forward, the Department of Genetics Finance Manager will communicate and review the Harvard Travel Policy to all department employees annually. Grants Managers will continue to review each reimbursement request for a complete and detailed business purpose and appropriate supporting documentation prior to approving and processing for payment. HMS is reviewing the University-wide training options available to HMS grant management and administrative staff and plans to supplement training as necessary.
2011-5 - Federal Funding Accountability and Transparency Act (FFATA) Reporting

Of the 8 FFATA reports tested, PwC noted that 1 report was submitted 30 days late. The importance of accurate data entry is emphasized to all staff at the University by way of communication and training. Additionally, the Financial Systems Solutions group (FSS), issues exception reports to help identify instances in which further follow-up is warranted. In the case of this late report, the "Sponsor and Prime Sponsor Same Organization" exception report correctly flagged a discrepancy in how the award was set up. However, we have subsequently learned that report was not being disseminated to parties charged with overseeing accuracy in data and therefore, the discrepancy was not caught. The Manager of Data Integrity in OSP has updated the recipient list for this report and will ensure that the appropriate recipients receive it. OSP will also review each discrepancy report to ensure that all required reports have been identified and are submitted. We are also amending the FFATA report to include a tab that will flag projects that would have been reportable under FFATA if they were not prime awards. In addition, FFATA reporting will be an ongoing topic of discussion at the University-Wide Quality Assurance meetings, and additional training will be provided to staff in data integrity and accuracy in account set up as needed.

2011-6 Stafford Loan Limits

This was a case of human error. The $144 Stafford overage was returned to the program on the day the problem was discovered. To address this issue going forward, a report was created and now runs regularly to make sure total Stafford loan awards do not exceed the $20,500 annual aggregate.

2011-7 Disbursement of Funds

There has been significant turnover in personnel responsible for compliance in ART’s financial aid office. As of October 17, 2011 ART hired an experienced, career Financial Aid Administrator and strengthened oversight of the Financial Aid Office. The Title IV Release issue has been corrected and going forward all students will be asked to sign the Title IV Release in the Stafford Loan entrance interview.

Sincerely,

Mark Barnes
Senior Associate Provost and
University Research Compliance Officer

Maureen Forrester
University Controller
(2011-6 and 2011-7)