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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

CIVIL DIVISION

SEP 22 1970

Dear Dr. Marston:

DLG 05820

DLG 01453

In response to an inquiry by a member of Congress we have reviewed the administration of training grant #5-T01-AM-5112 which was awarded to the University of California at Los Angeles by the National Institute of Arthritis and Metabolic Diseases. The grant, which provides funds for training physicians in hematology, has been supported by the National Institutes of Health since fiscal year 1957 and a total of about \$725,900 has been awarded to the university through fiscal year 1971.

We are bringing our review of this grant to your attention because we found that during the period July 1, 1969, through May 31, 1970, the salaries of four university employees were charged to the grant in excess of the amounts justified by their efforts actually devoted to the training program. We did not review the propriety of salary charges for prior grant periods.

The grant document provides that the program director appointed by the university devote 80 percent of his efforts -- 32 hours of a 40 hour work week -- to the training program; he informed us that he maintains a private practice two mornings a week as authorized in his employment contract with the university. The grant document further provides that the program director's office staff, consisting of a secretary, a typist and a technician, be paid from grant funds at specified salary rates based on stipulated percentages of effort devoted to the grant-supported program. We found that the salaries of the four employees who filled these three positions were charged to the grant at the full stipulated rates although, according to information furnished us by the program director, the secretary and the typist devoted about 30 percent and the technician devoted about 20 percent of their stipulated time to the director's private practice. We estimated that for the 11 months ended May 31, 1970, the grant had been overcharged for the four employees' salaries by about \$4,700.

After we had inquired into this matter, university officials computed an adjustment of \$4,918 and reduced the charges to the grant for the period July 1, 1969, through May 31, 1970.

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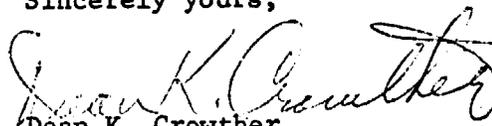
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Although our finding is limited to this one training grant, it is possible that similar practices have occurred under other grants. We therefore suggest that NIH may wish to review the procedures followed by this and other grantees in charging personnel costs to NIH grants and also consider this matter in connection with the current program of the Department of Health, Education, and Welfare for improving the quality of grantee management.

Copies of this letter are being sent to the Assistant Secretary, Comptroller and to the Director, HEW Audit Agency.

We would appreciate being informed of any action taken on this matter.

Sincerely yours,



Dean K. Crowther
Assistant Director

Dr. Robert Q. Marston
Director, National Institutes of Health
Department of Health, Education, and Welfare

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