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OFFICE OF
INSPECTOR GENERAL

January 27, 2020

Inspector General Randall J. Meyer
Office of the Inspector General
30 East Broad Street, Suite 2940
Columbus, Ohio 43215

**Re: File ID No. 2018 – CA00009 (Safety Grant to UC)
Response to Report of Investigation Issued December 12, 2019**

Dear Inspector General Meyer:

The Ohio Bureau of Workers' Compensation (OBWC) has completed its review of your office's recommendations contained in the above-referenced report. I respectfully submit this response to you regarding the recommendations outlined in the report.

Finding 1 Recommendations:

1. Consider implementing a system to assess penalties or require all funding to be returned should the university not provide all the research deliverables described in the research proposal.

Response: In situations where the university does not provide all the research deliverables, OBWC will seek return of funds if the percentage of project completion is less than the percentage of project funds that has been paid. If the percentage of project completion is more than the percentage of project funds that has been paid, OBWC will issue a final payment for the difference. Going forward universities will be submitting quarterly financial reports along with their quarterly progress reports and there should not be large discrepancies in work accomplished versus what OBWC has paid the university. In situations where there is any overpayment, BWC will recover funds accordingly.

Finding 3 Recommendations:

1. Consider amending current and future grant agreements to incorporate a requirement that grant recipients are required to provide OBWC with periodic fiscal reports and a final expenditure report documenting how funds were expended.

Response: In future grant agreements, OBWC will require grant recipients provide quarterly fiscal reports and a final expenditure report. The future agreements will specify these reports should be categorized in the same way as the budget plan the grant recipient was required to submit (i.e., personnel, equipment, travel, etc.). OBWC will use the final expenditure report to determine the amount of the final payment.

Section 23 of the existing research grant agreement requires grant recipients to keep fiscal records and provide these to OBWC upon request. Therefore, OBWC will use this authority to request that existing grant recipients provide final expenditure reports.

2. Consider upon receipt of the final expenditure report, reconciling the total payments issued with the amount spent for research to ensure all funds were either spent for research or returned to OBWC.

Response: Going forward, OBWC will reconcile the total payments issued with the final expenditure report to ensure all funds were either spent for research or returned to OBWC. If a discrepancy is found during the reconciliation, OBWC will work with the grant recipient to resolve it, including asking funds to be returned to OBWC if necessary.

3. Consider conducting periodic desk or on-site reviews to evaluate the documentation maintained to support the expenditures of grant funds.

Response: Going forward, OBWC will conduct desk or on-site reviews of all active grants annually to evaluate the documentation maintained to support the expenditures of grant funds. These will be conducted by OBWC selecting a sample of the records to evaluate in detail. Section 23 of the research grant agreement gives OBWC the authority to conduct these types of reviews, so no contractual changes should be necessary to existing agreements.

Finding 4 Recommendations:

1. Instead of the current payment system, consider the benefits of revising future grant agreements to issue a payment at the start of the grant agreement for a predetermined percentage and then require the grant recipients to submit financial activity reports to receive reimbursement of expenses incurred while conducting the research.

Response: OBWC will change the way the payments are structured in future grant agreements. OBWC will issue a payment for a predetermined percentage (e.g., 40%) at the start of the grant agreement and require the recipient to submit periodic fiscal reports (financial activity reports) and invoices quarterly to receive reimbursement of approved expenses.

2. Require all grant recipients to create and submit their own invoices when they have met the grant conditions to receive payment.

Response: Going forward, OBWC will require the grant recipients to invoice OBWC once they have met the grant conditions to receive payment.

3. As part of the financial monitoring, determine upon receipt of financial reports whether a possibility exists that a budgeted line item would be exceeded and whether an amendment is needed to adjust the project budget.

Response: OBWC will add a provision to future grant agreements to require grantees to request an amendment to the agreement if it appears likely the grantee will exceed spending in a budget category.

Finding 5 Recommendations:

1. Consider the benefits of expanding progress monitoring to include conducting periodic evaluations of the grant program to determine whether the grant awards, grant amounts, and requirements are achieving the objectives of the research program.

Response: Going forward, OBWC will conduct biennial progress monitoring that will include evaluations of the grant program to determine whether the grant awards, grant amounts, and requirements are achieving the objectives of the research program.

2. Consider the benefits of implementing a process documenting the steps to be taken if it is found that the research project is not on track to be completed. (e.g., increased progress reporting, additional site visits, conference calls)

Response: BWC will implement a process documenting the steps to be taken if a research project is not on track and will include a description of the process in the grants manual to be developed. These steps will include increased progress reporting and additional conference calls or site visits as may be necessary on a case-by-case basis.

Finding 6 Recommendations

1. Consider the benefits of developing a research program grants manual which provides grant recipients' employees and OBWC employees involved in the research grants with detailed explanations of specific grant requirements related to key processes.

Response: OBWC will develop a research program grants manual providing explanations of grant requirements and will publish this on the Research Program page of the OBWC website at bwc.ohio.gov before the end of FY20. This manual will complement the information found in the current application guidelines and will give explanations of specific grant requirements related to key processes, such as describing quarterly reporting and fiscal requirements and the steps that will be taken if a research project is not on track.

2. Consider developing and implementing a records management system or process to store records received from, correspondence with, approvals given, and payments issued for each grant recipient so that these records are all stored in the same place and can be easily located.

Response: In September 2019, OBWC's IT division mapped the process used by the Research Grant program as the first step in developing and implementing a records management system. Requirements for the system include the capability to store records and correspondence and track approvals and payments issued for each grant recipient.

Finding 7 Recommendations

1. Consider adding a contract provision requiring all research funds to be returned to OBWC if a research team ever commits any form of research misconduct on an OBWC-sponsored project.

Response: OBWC will add a provision in future grant agreements to allow OBWC to take action if the research team commits any form of research misconduct. OBWC will evaluate the circumstances of any form of research misconduct to determine appropriate action which could include seeking return of all research funds to OBWC.

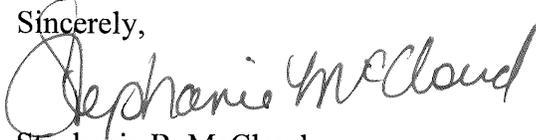
2. Consider adding a contract provision requiring grant recipient agencies to notify OBWC of any substantiated research misconduct findings to allow OBWC to determine what actions should be taken with the research project based on the circumstances.

Response: OBWC will add a provision in future grant agreements to require grantees to notify OBWC of any substantiated research misconduct.

3. As a result of the research misconduct findings, consider whether the \$77,860.14 that was spent on the Kotowski Research Project should also be returned to OBWC.

Response: OBWC reviewed the work products that were submitted and determined no further action is necessary.

Sincerely,

A handwritten signature in black ink that reads "Stephanie B. McCloud". The signature is written in a cursive, flowing style.

Stephanie B. McCloud
BWC Administrator/CEO

Randall J. Meyer, Ohio Inspector General
State of Ohio
Office of Inspector General
Rhodes State Tower
30 East Broad Street, Suite 2940
Columbus, OH 43215-3414

February 5, 2020

RE: Report of Investigation No. 2018-CA00009

Dear Inspector General Meyer:

The University of Cincinnati's formal responses to the recommendations made by your office in the above-listed Report are set out below.

FINDING 1 RECOMMENDATIONS

University of Cincinnati

1. Consider implementing an internal monitoring system to review the progress on research grants and identify steps to be taken to ensure the research described in the proposal is completed in accordance with the agreement governing the research project.

UNIVERSITY OF CINCINNATI RESPONSE

The university is implementing additional reviews in our process by mandating that progress reports be made available to the Principal Investigator's academic unit, where there is most likely the relevant expertise, prior to setting up and/or releasing budgets with initial start-up and with every reporting period thereafter or as part of the Principal Investigator's annual review. We are working to identify mechanisms to automate reminders and closures. In the interim, we intend to make reminders and closures manually as each new project is initiated. Finally, PIs will be required to submit a certification that their progress reports accurately reflect the status of their research and associated expenditures.

FINDING 4 RECOMMENDATIONS

University of Cincinnati

1. Consider the benefits of verifying that ongoing research projects are being monitored to ensure the expenditures are within the project budget. For those projects that are over the project budget, ensure appropriate approval has been obtained to exceed the funding

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budget and additional sources of funds have been identified to cover costs over expenditures not covered by granting agency.

UNIVERSITY OF CINCINNATI RESPONSE

The university currently tracks the research fund expenditures against budgeted amounts. In order to address the situation raised by the Recommendation, the university intends on implementing a policy to seek written approval of any reallocation of a budgeted amount from one category to another where the governing agreement does not expressly grant the university discretion to make such reallocations, and the sponsor has not, via their terms and conditions or through any arrangement, communication, or partnership with the university, provided general authority to the university to approve such reallocations.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick A. Limbach". The signature is written in a cursive, flowing style.

Dr. Patrick A. Limbach
Vice President for Research