

From: [REDACTED] OIG

To: [REDACTED] Head, OIG Investigations [REDACTED]

Approved 6-2-2002

Subject: Memorandum for File: Case Closed for [REDACTED]
Recharge Centers (I96030017)

OIG audit and OIG investigations conducted a joint review in the summer of 1999 of allegations concerning the recharge centers established by the [REDACTED] Department of Chemistry during FY83-89. It was determined that the issues concerned various matters that were audit-related and therefore, responsibility for the case has been assumed by OIG Audit. The investigative file has been closed.

Allegations

It was alleged that the centers

- did not meet the definition of a recharge center in administration and use prior to 1993,
- that some accounts paid a summer salary to one PI and supported travel,
- that [REDACTED] did not exercise accountability for grant funding and allowed retaliation against whistleblowers.

Complainants

- [REDACTED] (ex- Chair of the Chemistry Department) and
- [REDACTED] (ex-Department Business Manager, has transferred within the University).

Program Background:

Recharge centers at universities operate as in-house non-profit enterprises to share equipment and services among researchers. Operations are funded through user fees based on established billing rates and actual services provided. Costs are separate from the general indirect cost rate of an institution. [REDACTED] Circular A-21 requires that billing rates be based on recovery of the aggregate cost of a good or service over a long-term and that rates should be reviewed periodically and adjusted if necessary.

The [REDACTED] OIG reviewed recharge centers at 12 universities in 1994 and found common problems of surplus balances, inconsistent billing practices and no review of billing rates, improper classifications of expense, and unrelated use of funds. [REDACTED] declined to pursue a review of [REDACTED]

Facts: From documentation received from [REDACTED] and Dr. [REDACTED]

- 1) Over \$1 million was transferred from research accounts funded by NSF, [REDACTED] the [REDACTED], [REDACTED] etc., into the recharge center accounts without supporting documentation; \$600K+ remains unspent (A-21 requires fees to approximate expenditures).
- 2) The billing rates were undocumented and unsubstantiated. Rates of \$200 and \$240 per hour were charged for the facilities; when the Business Manager of the Department calculated an hourly rate, the subsequent rate became \$4.30 per hour. Significant in this differential was expensing equipment even though acquisition is unknown or was purchased with grant funds.
- 3) All fees were charged to research accounts under the direction of the cognizant center director/PI; Dr. [REDACTED] (4 accounts) and Dr. [REDACTED] (3 accounts). Although record keeping on facility use essentially was non-existent, no other user paid prior to 1993.
- 4) It appears that the complainants did not receive whistle-blower protection and were subjected to hostility. Dr. [REDACTED] is pursuing legal recourse for defamation and maltreatment.

Resolution

These issues will be resolved through the audit process.