

News

Office of Medical Information
The University of Texas

Southwestern Medical Center at Dallas

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*****Government audit of indirect research costs
at UT Southwestern finds no overcharges and
asks no return of funds**

DALLAS -- Results of a federal audit of indirect costs for research at The University of Texas Southwestern Medical Center at Dallas found that the institution had fully justified all federal dollars collected for indirect costs. "The results indicate our accounting procedures are exceptionally clean," said Dr. Peter Fitzgerald, executive vice president for business affairs.

UT Southwestern was one of a group of top U.S. universities chosen for audit after investigators discovered that other universities had made some irregular charges to research programs.

The audits centered around research-related indirect or overhead costs, including such things as administration, building use, utility costs, and use of equipment already owned by the research center. Allowable costs such as these, which are linked to multiple research projects, are pooled for partial reimbursement by federal granting agencies as a percentage of the direct costs of each federal grant. Direct costs include items that are in direct support of a particular project, such as technician salaries and special supplies and scientific equipment.

At UT Southwestern the auditors found \$32,537 incorrectly associated with the research-related administrative pool, less than two-tenths of 1 percent of the pool's annual total of \$24,554,236. Of 12 institutions audited, this was by far the lowest amount of miscoded or questionable items. The next lowest was \$175,000. The auditors concluded that neither the number nor the amount of the UT Southwestern items was significant in comparison to the total charges.

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The miscoded charges were eight items related to fund raising and community activities, including a dinner for institutional supporters to celebrate the award of the medical school's unprecedented third Nobel Prize, and functions and commemorative gifts honoring major donors.

"These expenditures were made from special private funds earmarked for such uses. We have a screening process that should have excluded these items from being reported with the research-related cost pool. We've identified where the mistake occurred, and we'll obviously be more careful in the future," said Fitzgerald.

He noted that the auditors' report said, "We have not identified a systematic effort to charge unallowable or inappropriate costs to the University's G&A cost pool. The inclusion of these items in the pool appears to be an oversight on the part of the university staff."

UT Southwestern officials also convinced the auditors that some items that were properly reimbursable had not been included in the pool. These items included such things as research-related staff fringe benefits and interest on expenses associated with research construction projects. Their value actually exceeded any unallowable costs identified in the review, according to the federal report.

The auditors found no basis for requesting any funds be returned to the government.

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Note: The University of Texas Southwestern Medical Center at Dallas comprises Southwestern Medical School, Southwestern Graduate School of Biomedical Sciences and Southwestern Allied Health Sciences School.