



Office of the Acting Director

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To: Elias A. Zerhouni, M.D.
Director, NIH

From: Acting Director, NIEHS

Subject: A Formal Corrective Action Plan by NIEHS

On April 29, 2008, I received your correspondence regarding the Office of Management Assessment's review of this Institute's operations and the request for a formal corrective action plan.

I am pleased to provide you with the NIEHS Corrective Action Plan. It addresses each of the findings and recommendation in the report, *Management Review: National Institute of Environmental Health Sciences*.

On behalf of NIEHS, I express our sincere gratitude to the Office of Management Assessment for its review and insightful recommendations.

Thank you,

A handwritten signature in black ink, which appears to read "Samuel H. Wilson". The signature is written in a cursive style with a long horizontal stroke at the end.

Samuel H. Wilson, M.D.

FINDING	REPORT RECOMMENDATIONS	ACTION STEPS	COMPLETION DATE
PART 1. KEY FINDINGS - RESPONSE: 1			
<p>I. The Ethics Program Is Not Operating Effectively (p.8)</p> <ul style="list-style-type: none"> ▶ Financial Disclosure Reports Are Not Reviewed or Certified ▶ Documentation Supporting Conflict of Interest Analysis Was Not Maintained 	<p>We recommend that the NIH Director:</p> <ol style="list-style-type: none"> 1. Instruct the NEO, with assistance from the NIEHS Director, to assess the NIEHS Ethics Office's staffing and resource needs and provide the Office with sufficient support to fully and properly perform its duties and responsibilities. 2. Instruct the NIEHS Director to conduct a follow-up review in one year to determine whether NIEHS has taken action to correct identified deficiencies in its ethics program. 3. Instruct the NIEHS Deputy Ethics Counselor to: <ol style="list-style-type: none"> a. ensure that the filing system is complete, in working order, and readily retrievable by individual identifier for each 	<ol style="list-style-type: none"> 1. The NIEHS Director, with assistance from the NIH Ethics Office will: <ul style="list-style-type: none"> • conduct a comprehensive assessment of the functions, staffing, and resources needed by the NIEHS Ethics Office to fully and properly perform its duties and responsibilities. From this assessment, actions will be implemented to bring the office to full and sustainable capability, including the capacity to respond to critical situations. 2. The NIEHS Director will conduct a follow-up review of the NIEHS Ethics Office in one year to ensure that the NIEHS Ethics program is in compliance with NIH ethics rules and regulations. 3. The NIEHS Director (DEC) will ensure that: <ol style="list-style-type: none"> a. the NIEHS Ethics Office staff fully populates the NIH Ethics Management Information System. 	<ul style="list-style-type: none"> • September 2008 • August 2009 • August 2008

	<p>employee.</p> <p>b. ensure that all <i>public</i> financial disclosure reports filed from 2004 to the present are reviewed and certified. Collect, review, and if appropriate, certify or approve related HHS reports and requests.</p> <p>c. ensure that all <i>confidential</i> financial disclosure reports for the October 2005 and February 2007 filing dates are reviewed and certified. Collect, review, and if appropriate, certify or approve related HHS reports and requests.</p> <p>d. ensure that staff maintain all documentation for the time required by the NIH records retention schedule.</p>	<p>b. the NIEHS Ethics Office staff resolves the backlog of NIEHS <i>public</i> financial disclosure reports, and will collect, review, and if appropriate, certify or approve related HHS reports and requests.</p> <p>c. the NIEHS Ethics Office staff resolves the backlog of NIEHS <i>confidential</i> financial disclosure reports, and will collect, review, and if appropriate, certify or approve related HHS reports and requests.</p> <p>d. a member of the Ethics Office staff is specifically trained and appointed as a records custodian, who will have the responsibility to ensure correct and complete record keeping.</p>	<ul style="list-style-type: none"> • August 2008 • August 2008 • September 2008
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FINDING	REPORT RECOMMENDATIONS	ACTION STEPS	COMPLETION DATE
PART 1. KEY FINDINGS - RESPONSE: 2			
II. Decisions to Fund Grants Out of Rank Order Are Not Documented (p.12)	1. We recommend that the NIH Director instruct the NIEHS Director to take action necessary to ensure that all out-of-rank funding decisions of grant applications are justified and documented in the official grant files.	1. The NIEHS Director will instruct the Director, Division of Extramural Research and Training (DERT) to: <ul style="list-style-type: none"> • develop written procedures with input from DERT staff that detail the process for determining which applications will be funded; • to systematically and consistently communicate these procedures to all DERT staff; • to systematically and consistently provide training on these procedures to all DERT staff; and • to ensure that these procedures are properly carried out. <ul style="list-style-type: none"> • Procedures will include processes for identifying and recommending applications to be "raised to pay" or skipped, for providing program staff justifications for the recommendations, and for including these justifications in the official funding plan. The Director, DERT, will verify that all funding plans contain appropriate documentation. • Justifications must indicate the approval or disapproval of DERT staff recommendations by the 	<ul style="list-style-type: none"> • September 2008

		<p>NIEHS Director. Justifications must also indicate when the NIEHS Director approves raise to pays and skips that were not recommended by DERT staff.</p> <ul style="list-style-type: none">• The Director, DERT will develop a plan for periodic assessment of the procedures. Such a plan will include consultation with DERT staff on implementation of the procedures.	
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FINDING	REPORT RECOMMENDATIONS	ACTION STEPS	COMPLETION DATE
PART 1. KEY FINDINGS - RESPONSE: 3			
III. Resource Information Provided to the Board of Scientific Counselors Is Incomplete (p.13)	1. We recommend that the NIH Director instruct the NIEHS Director to develop a methodology for reporting all costs, including those presently not charged to scientists, in the information provided to the Board of Scientific Counselors.	1. The NIEHS Director will instruct the Director, Division of Intramural Research (DIR) to ensure that: <ul style="list-style-type: none"> • Core facility managers and directors review the cost basis for all discrete tasks and deliverables across all core facilities. Project officers will review the cost basis for all task-order and performance-based R&D contracts. • DIR program directors review these costs and recommend retention or rejection of tasks for central funding. • DIR program directors track non-discrete tasks, including services such as consulting by the cores and level-of-effort tasks under R&D contracts. • in coordination with the Executive Officer, provide complete financial reporting to the Board of Scientific Counselors. • The NIEHS Director will review all resource reporting to the BSC, in consultation with the Executive Officer and the Budget Officer. 	<ul style="list-style-type: none"> • August 2008 • September 2008 • October 2008 • October 2008 • October 2008

FINDING	REPORT RECOMMENDATIONS	ACTION STEPS	COMPLETION DATE
PART 1. KEY FINDINGS - RESPONSE: 4			
<p>IV. Negative Perceptions of NIEHS Leadership Are Prevalent Among NIEHS Employees (p.15)</p> <p>As documented by:</p> <ul style="list-style-type: none"> • Organizational Climate Survey • 2006 Federal Human Capital Survey • No Confidence Vote in NIEHS Leadership 	<p>We recommend that the NIH Director:</p> <ol style="list-style-type: none"> 1. instruct the Office of Equal Opportunity and Diversity Management Director and the NIH Ombudsman to release the results of the Organizational Climate Survey to NIEHS employees, 2. instruct the Office of Equal Opportunity and Diversity Management Director and the NIH Ombudsman to conduct a follow-up organizational climate assessment survey at NIEHS, using the current assessment as a baseline to identify improvements in any areas listed in this report, and 	<ol style="list-style-type: none"> 1. The Director, NIH Office of Equal Employment Opportunity and Diversity Management and the NIH Ombudsman will release the Organizational Climate Survey questionnaire and the <i>Defense Equal Opportunity Climate Survey Results: NIEHS to NIEHS</i> employees. 2. The Director, NIH Office of Equal Opportunity and Diversity Management, in coordination with the NIH Ombudsman and OMA, will: <ul style="list-style-type: none"> • create an organizational climate assessment tool to capture employee perceptions of NIEHS leadership. Future surveys should consider the baseline OCS survey. • develop a plan to increase employee participation and confidence in organizational climate assessment surveys. Surveys should ensure confidential participation. • offer a new organizational climate assessment survey to NIEHS employees following implementation of the action plan to address low morale (Action Step 3), and after measurable improvements to 	<ul style="list-style-type: none"> • August 2008 • December 2008 • December 2008 • February 2009

	<p>3. instruct the NIEHS Director to develop an action plan to address low morale.</p>	<p>organization and leadership.</p> <ul style="list-style-type: none"> • release the results of the organizational climate assessment survey to all NIEHS employees. • The NIEHS Director will ensure that the results of the organizational climate assessment tool are incorporated into implementation of the action plan to improve employee morale. <p>3. The NIEHS Director, in coordination with NIEHS senior leadership and with input from a broad spectrum of NIEHS employees, will develop and implement an action plan to address low morale. Such a plan will include an evaluation component and will be refined and adjusted on an ongoing basis.</p>	<ul style="list-style-type: none"> • August 2009 • August 2009 • October 2008
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PART 2. FUNCTIONAL AREA FINDINGS

FINDING	REPORT RECOMMENDATIONS	ACTION STEPS	COMPLETION DATE
PART 2. FUNCTIONAL AREA FINDINGS - RESPONSE: 5			
A. Personnel Practices, Including Communication with Employee Union (p.18)			
Employees Signed Performance Appraisals that Did Not Include Performance Ratings (p.18)	1. We recommend that the NIH Director instruct the NIEHS Director to comply with HHS and NIH policy relating to the 2007 performance appraisal process to ensure that employees sign an appraisal that includes their final rating.	1. The NIEHS Director will instruct the Executive Officer to: <ul style="list-style-type: none"> • develop and issue clarifying guidance to supervisors and managers on the review and signing of Performance Management and Appraisal Program (PMAP) summary ratings, which are completed in early Calendar Year 2009. • provide mandatory training on the PMAP appraisal process to managers, supervisors, and administrative officers. 	<ul style="list-style-type: none"> • October 2008 • November 2008

FINDING	REPORT RECOMMENDATIONS	ACTION STEPS	COMPLETION DATE
PART 2. FUNCTIONAL AREA FINDINGS - RESPONSE: 6			
A. Personnel Practices, Including Communication With Employee Union (p.18)			
Managers Showed Intent to Hire Before Receiving Best Qualified Lists (p. 19)	2. We recommend that the NIH Director instruct the NIH OHR Director to provide the staff of the OHR Branch that services NIEHS with guidance or training about appropriate and inappropriate communications with management about the recruitment process and qualification and selection of candidates.	2. The Director, OHR, will work with the NIEHS Director to ensure that: <ul style="list-style-type: none"> • the NIEHS servicing Human Resource branch conducts mandatory training of all NIEHS managers, supervisors, and administrative officers on recruitment policy and procedures. • the NIEHS servicing Human Resource branch reinforces to its staff the requirement that Strategic Partnership Meetings with selecting officials and administrative officers must be conducted prior to recruiting. • division directors and their administrative officers ensure that selecting officials follow established recruitment policies. 	<ul style="list-style-type: none"> • January 2009 • August 2008 • August 2008

FINDING	REPORT RECOMMENDATIONS	ACTION STEPS	COMPLETION DATE
PART 2. FUNCTIONAL AREA FINDINGS - RESPONSE: 7			
A. Personnel Practices, Including Communication With Employee Union (p.18)			
<p>Personnel Files Lacked Documentation on Above-the-Minimum Pay (p. 20)</p>	<p>We recommend that the NIH Director instruct the NIH OHR Director to ensure :</p> <ol style="list-style-type: none"> 3. that the Human Resources Branch that services NIEHS documents all recruitment bonuses that are offered and declined prior to offering an above-the-minimum pay rate. 4. require the OHR branch that services NIEHS to maintain the documentation in its case files. 	<p>The NIEHS Director will instruct the Executive Officer to work with the Director, NIH Office of Human Resources to ensure that:</p> <ol style="list-style-type: none"> 3. the NIEHS servicing Human Resources branch follows policy and procedures for Above-the-Minimum pay, including requirements for documenting when Above-the-Minimum pay will be offered instead of a recruitment bonus. <ul style="list-style-type: none"> • the NIEHS servicing Human Resources branch discusses Above-the-Minimum pay requirements in the strategic partnership meetings with selecting and administrative officers prior to recruiting. 4. the NIEHS servicing Human Resources branch includes all hard copy offers and declinations of recruitment bonuses and Above-the-Minimum pay in the official vacancy case file. <ul style="list-style-type: none"> • the NIEHS servicing Human Resources branch conducts mandatory training of all NIEHS managers, supervisors, and administrative officers on bonus policies and procedures. 	<ul style="list-style-type: none"> • August 2008 • September 2008 • September 2008 • January 2009

FINDING	REPORT RECOMMENDATIONS	ACTION STEPS	COMPLETION DATE
PART 2. FUNCTIONAL AREA FINDINGS - RESPONSE: 8			
<i>A. Personnel Practices, Including Communication With Employee Union (p.18)</i>			
<p>NIEHS Is Not Complying With NIH Policy on IPA Mobility Program (p.20)</p>	<p>We recommend that the NIH Director:</p> <p>5. ensure that NIEHS staff are trained on requirements of the Intergovernmental Personnel Act Mobility Program</p>	<p>The NIEHS Director will instruct the Executive Officer to work with the Director, NIH Office of Human Resources to ensure that:</p> <p>5. the NIEHS servicing Human Resources branch conducts mandatory training of all appropriate NIEHS administrative officers on Intergovernmental Personnel Act Mobility (IPA) Program policies and procedures.</p> <ul style="list-style-type: none"> • The NIH Office of Human Resources will prepare and distribute a guidance document for NIEHS administrative officers on NIH Policy Manual 2300-334-1. The guidance document will emphasize the need to involve the division Administrative Officer at the earliest stage when planning or considering an IPA assignment. 	<ul style="list-style-type: none"> • September 2008 • January 2009

	<p>6. ensure that all appropriate Human Resources officials sign the form and</p> <p>7. instruct the OHR Director to take action necessary to terminate the IPA agreement for the individual assigned since 2001.</p>	<p>6. The NIEHS Director will instruct the Executive Officer to ensure that:</p> <ul style="list-style-type: none"> • the IPA Mobility Program checklist has been modified to require signatures from the NIH Office of Human Resources and the NIEHS Executive Officer prior to approval. • Prior to submittal for NIH Office of Human Resources certification, the IPA Mobility Program checklist will be reviewed and approved by the administrative officer, division director, Executive Officer, and the NIEHS Ethics Office. <p>7. The NIEHS Director will instruct the Executive Officer to:</p> <ul style="list-style-type: none"> • review all open IPA Mobility Program agreements, and terminate those not in compliance with NIH policy. • annually review IPA Mobility Program agreements in conjunction with Director NIH OHR to ensure compliance. 	<ul style="list-style-type: none"> • August 2008 • August 2008 • August 2008 • August 2009
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FINDING	REPORT RECOMMENDATIONS	ACTION STEPS	COMPLETION DATE
PART 2. FUNCTIONAL AREA FINDINGS - RESPONSE: 9			
A. Personnel Practices, Including Communication With Employee Union (p.18)			
<p>Communications Between NIEHS and the Employee Union Could be Enhanced (p.21)</p>	<p>8. We recommend that the NIH Director require the NIEHS Director to hire a labor relations specialist to assist management with maintaining its compliance with the law and the contract with the American Federation of Government Employee.</p>	<p>8. The NIH Office of Human Resources, Workforce Relations Division, hired a Labor and Employee Relations Specialist, who is assigned to and located at the NIEHS.</p> <ul style="list-style-type: none"> • The President, AFGE Local 2923 is included as a full member of the NIEHS Roundtable, a forum established by the NIEHS Director to disseminate information to staff through monthly meetings. • NIEHS and NIH Office of Human Resources, Workforce Relations Division will conduct refresher training on labor and employee relations for all managers, supervisors, and administrative officers. 	<ul style="list-style-type: none"> • November 2007 • October 2007 • January 2009

FINDING	REPORT RECOMMENDATIONS	ACTION STEPS	COMPLETION DATE
PART 2. FUNCTIONAL AREA FINDINGS - RESPONSE: 10			
<i>B. Contracting Procedures (p.23)</i>			
<p>Deficiencies in Negotiated Acquisition and Sealed-Bid Contracts (p. 23)</p>	<ol style="list-style-type: none"> 1. We recommend that the NIH Director instruct the NIEHS Director to ensure that: <ol style="list-style-type: none"> a. all contracting officers are utilizing NCI's Document Generation System to prepare Request for Proposals, and that b. documents and documentation exist in contract files to demonstrate that at least minimum training requirements have been met for technical evaluators. 2. We also recommend that the NIH Director instruct the NIEHS Director to periodically perform reviews to determine whether: <ol style="list-style-type: none"> a. contract files are accurate and complete; b. the FAR, HHS policy, and NIH policy are being followed; 	<ol style="list-style-type: none"> 1. The NIEHS Director will instruct the Executive Officer and Director, Office of Acquisitions to: <ol style="list-style-type: none"> a. ensure that all NIEHS contract officers and contract specialist are fully utilizing NCI's Document Generation System. b. issue a memo to all Office of Acquisitions staff reinforcing the training requirements for technical evaluators for R&D and Station Support contracts and the requirement for appropriate documentation in the contract file.. <ul style="list-style-type: none"> • the Contracting Officer will verify that technical evaluators have met the minimum training requirements prior to conducting technical evaluations and will document in the file. 2. The NIEHS Director will instruct the Executive Officer and the Director, Office of Acquisitions to: <ol style="list-style-type: none"> a. review contract files periodically and verify that contents are accurate and complete. 	<ul style="list-style-type: none"> • August 2008 • September 2008 • Ongoing • November 2008 • September

	<p>c. past performance information is included in contract files; and</p> <p>d. all proper documentation to support contract modifications is included in every applicable file.</p>	<p>b. establish an NIEHS Board of Review of contract actions that will conduct quarterly reviews to ensure that FAR, HHS, and NIH policies are followed.</p> <p>c. conduct random audits to verify that past performance information is included in the contract file.</p> <ul style="list-style-type: none"> • issue a guidance to all contract officers and contract specialists to reinforce the requirements for past performance reports and their inclusion in the contract files. <p>d. conduct random audits to verify that all proper documentation to support contract modifications is included in every applicable file.</p> <ul style="list-style-type: none"> • A standardized "Content of Contract" file sheet will be developed to organize placement of documents. • The Director, NIH Office of Acquisitions Management Policy, will conduct a review of NIEHS contract files and methodologies to ensure compliance with NIH policies and procedures. 	<p>2008</p> <ul style="list-style-type: none"> • Ongoing • August 2008 • Ongoing • August 2008 • December 2008
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FINDING	REPORT RECOMMENDATIONS	ACTION STEPS	COMPLETION DATE
PART 2. FUNCTIONAL AREA FINDINGS - RESPONSE: 11			
B. Contracting Procedures (p.23)			
Segregations of Duty Lacking for Records of Call/Blanket Purchase Agreement Orders (p.27)	<p>We recommend that the NIH Director instruct the NIEHS Director to:</p> <ol style="list-style-type: none"> 3. conduct a follow-up review to verify that future Records of Call are handled with appropriate segregation of duties; 4. establish segregation of duties for administering Records of Call; and 5. retrain segregation of duties at each process level (requestor, ordering official, approving official, receiving official). 	<p>The NIEHS Director will instruct the Executive Officer and the Director, Office of Acquisitions to:</p> <ol style="list-style-type: none"> 3. establish a team of delegated NIEHS procurement specialists and managers to review and verify that all Record of Call/Blanket Purchase Agreement (ROC/BPA) orders are handled with appropriate segregation of duties. 4. develop a segregation of duties matrix reflecting the NIH Budget System procedures and segregation of duties policy for administering Records of Call. The matrix will be consulted to avoid conflicting duties. 5. restate and reissue written policies and procedures on segregation of duties to reflect NIH Budget System changes in ROC/BPA orders. <ul style="list-style-type: none"> • provide the policies and procedures to all NIEHS implementing personnel by email, identifying significant changes to all affected 	<ul style="list-style-type: none"> • September 2008 • September 2008 • September 2008 • September 2008

		<p>personnel immediately and providing reference to the NIH website to ensure personnel are aware of any revisions to their daily duties and responsibilities.</p> <ul style="list-style-type: none">• The Director, NIH Office of Acquisition Management Policy, will review implementation of Record of Call/Blanket Purchase Agreement policies and procedures to ensure that the overall structure is being applied consistently and measured appropriately.	<ul style="list-style-type: none">• December 2008
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FINDING	REPORT RECOMMENDATIONS	ACTION STEPS	COMPLETION DATE
PART 2. FUNCTIONAL AREA FINDINGS - RESPONSE: 12			
B. Contracting Procedures (p.23)			
<p>NIEHS Did Not Comply with the Purchase Card Program Requirements (p.27)</p>	<p>We recommend that the NIH Director instruct the NIEHS Director to:</p> <p>6. take immediate action to improve the processes and internal controls over the NIEHS purchase card program in order to maximize the value and benefit of the program and provide reasonable assurance that fraud, waste and abuse are minimized, and</p>	<p>6. The NIEHS Director, will instruct the Executive Officer and the Director, Office of Acquisitions to:</p> <ul style="list-style-type: none"> • review, with division lead administrative officers, current purchase cardholders to determine their continued need for a purchase card. • require mandatory refresher training if there is an instance of purchase card misuse; this is in addition to any disciplinary actions required by the NIH Table of Penalties. • provide an information sheet to all current and future Cardholders and Card Approving Officials on the purchase card system, including a checklist of responsibilities and requirements. • develop a mechanism for communicating changes in purchase card policies or procedures in a timely manner. • implement an internal quarterly audit program to verify compliance with NIH policy. • 	<ul style="list-style-type: none"> • September 2008 • September 2008 • September 2008 • September 2008

	<p>7. ensure that all necessary follow-up actions are taken as required by NIH Manual Chapter 6013-2, Internal Procedures for the Purchase Card Program.</p>	<p>7. The NIEHS Director, will instruct the Executive Officer and the Director, Office of Acquisitions, to:</p> <ul style="list-style-type: none"> • ensure compliance with NIH Manual Chapter 6013-2, Internal Procedures for the Purchase Card Program based on the annual review conducted by the NIH Office of Acquisition and Management Policy. 	<ul style="list-style-type: none"> • October 2008 • September 2008
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FINDING	REPORT RECOMMENDATIONS	ACTION STEPS	COMPLETION DATE
PART 2. FUNCTIONAL AREA FINDINGS - RESPONSE: 13			
C. Property Management and Vehicles (p.29)			
Property pass transactions were not properly documented (p.29)	<p>We recommend that the NIH Director instruct the NIEHS Director to:</p> <ol style="list-style-type: none"> 1. enforce property pass policies and procedures and ensure that designed internal asset controls are working effectively and 2. revise Property Custodian Officer training to include appropriate use of property passes. 	<p>The NIEHS Director, will instruct the Executive Officer and the Chief, Administrative Services and Analysis Branch to:</p> <ol style="list-style-type: none"> 1. establish a mechanism to track compliance with property pass procedures and perform random audits to ensure compliance. 2. develop and implement an annual NIEHS training program for existing Property Custodian Officers. NIEHS will conduct property pass training for new Property Custodian Officers, and annual training thereafter. 	<ul style="list-style-type: none"> • August 2008 • September 2008

FINDING	REPORT RECOMMENDATIONS	ACTION STEPS	COMPLETION DATE
PART 2. FUNCTIONAL AREA FINDINGS - RESPONSE: 14			
<i>C. Property Management and Vehicles (p.29)</i>			
Government Vehicles Were Issued Without Proper Documentation (p. 30)	<p>We recommend that the NIH Director instruct the NIEHS Director to:</p> <ol style="list-style-type: none"> 3. conduct periodic reviews to verify that Motor Vehicle Trip Tickets are properly completed, 4. require that dispatchers attend training that reinforces their responsibilities, and 5. revise Performance Work Statements for contractor dispatchers to include accountability for ensuring that Motor Vehicle Trip Tickets are accurately completed. 	<p>The NIEHS Director will instruct the Executive Officer and the Chief, Administrative services and Analysis Branch to:</p> <ol style="list-style-type: none"> 3. develop a mechanism to ensure dispatcher compliance with Motor Vehicle Trip Ticket procedures and conduct a periodic review of compliance. 4. develop and require training for dispatchers and their supervisors that outlines the dispatcher duties and responsibilities 5. negotiate modification of the dispatcher contract to include a Performance Work Statement on Motor Vehicle Trip Ticket duties. The Executive Officer will work with NIH fleet management personnel to review NIEHS policies and procedures to ensure they are consistent with standard NIH policy. <ul style="list-style-type: none"> • The Director, NIH Office of Acquisition and Management Policy, will conduct a review of NIEHS fleet management. 	<ul style="list-style-type: none"> • August 2008. • September 2008 • August, 2008 • December 2008

FINDING	REPORT RECOMMENDATIONS	ACTION STEPS	COMPLETION DATE
PART 2. FUNCTIONAL AREA FINDINGS - RESPONSE: 15			
<i>D. Financial Management and Accounting Practices (p.31)</i>			
Improper Documentation of Cashier Activity, Gift Administration, Project Assignments (CANs), and Travel (p.31)	<p>1. We recommend that the NIH Director instruct the NIEHS Director to:</p> <p>a. consult the NIH Table of Penalties, in coordination with OHR, in considering administrative action for responsible NIEHS officials, as appropriate</p> <p>b. implement a procedure ensuring that Validity Test Survey forms be completed for all gifts that meet the criteria outlined in NIH policy;</p>	<p>1. The NIEHS Director will instruct the Executive Officer to ensure that:</p> <p>a. the NIH Office of Human Resources, Workforce Relations Division will train all supervisors on administrative actions, including the use of the NIH Table of Penalties, to ensure fair and consistent application.</p> <ul style="list-style-type: none"> • If application of the Table of Penalties is considered, the final determination for penalty will be reviewed by the Executive Officer. <p>The NIEHS Director will instruct the Executive Officer to ensure that:</p> <p>b. the NIEHS Financial Management Branch implements a procedure that requires a completed Gift Acceptance Description Form and Validity Test Survey for <i>all</i> gifts that meet the NIH criteria for gift administration (even if prior surveys are on file for the donor) and for <i>most</i> smaller gifts, even if they don't meet NIH criteria.</p>	<ul style="list-style-type: none"> • December 2008 • August 2008 • August 2008

	<p>c. implement internal controls to ensure that ongoing monitoring of gift administration occurs during the course of financial operations;</p>	<ul style="list-style-type: none"> • All Validity Test Survey forms must be reviewed and approved by the NIEHS Ethics Office, the relevant scientist(s), and the Executive Officer. <p>The NIEHS Director will instruct the Executive Officer to ensure that:</p> <p>c. the Budget Officer communicates the revised procedure for processing gifts to the responsible administrative officers.</p> <ul style="list-style-type: none"> • The Budget Officer will conduct periodic reviews of administrative officer compliance with the revised procedure for gift administration. • The Budget Officer will communicate gift fund procedures, with emphasis on the importance of communicating any overruns in the accounts to the Executive Officer and the Administrative Officer Council. • The Budget Officer will conduct a full-scope audit of all open gift fund accounts to ensure compliance with established policy. • The Budget Officer will conduct spot audits of gift fund accounts. Results of such audits will be conveyed to the Executive Officer and the Administrative Officer Council. 	<ul style="list-style-type: none"> • August 2008 • August 2008 • February 2009 • August 2008 • January 2009 • June 2009
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	<p>d. reconcile all NIEHS CAN/Project titles with the NIH data reporting system;</p> <p>e. revise operating procedures for NIEHS CAN/Project numbers to require that (i) NIEHS budget officers be notified if the scope of a project changes, (ii) the NIEHS Budget Office verify the appropriateness of a change, and (iii) the NIEHS Budget Office notify the GAB of all changes to CAN/Project titles; and</p> <p>f. ensure proper, timely, and continuous management oversight and monitoring of sponsored travel.</p> <p>2. We recommend that the NIH Director instruct the OFM Director to:</p> <p>a. conduct an audit of the NIEHS Cashier's office and</p>	<p>The NIEHS Director will instruct the Executive Officer to ensure that:</p> <p>d. the NIEHS Financial Management Branch staff work with administrative officers to reconcile all NIEHS CAN/Project titles with the NIH data reporting system.</p> <p>e. the NIEHS Financial Management Branch staff incorporate updated NIH-wide forms, policies, and procedures for requesting new CANs or changes to CAN titles.</p> <p>f. the NIEHS Budget Officer, in coordination with the Executive Officer and the responsible administrative officers, conducts an internal review of billing for sponsored travel, including random audits for compliance.</p> <p>2. The NIEHS Director will instruct the Executive Officer and Budget Officer to work in coordination with the Director, NIH Office of Financial Management, to:</p> <p>a. conducts quarterly audits to ensure compliance with all applicable policies and procedures of the Agent Cashier.</p>	<ul style="list-style-type: none"> • August 2008 • September 2008 • October 2008 • September 2008
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	<p>b. develop a Transmittal Letter to the Budget Officers about the requirement to notify GAB of changes to CAN/Project titles and create a standard form for Budget Officers to request to add, delete, and modify CANs</p>	<ul style="list-style-type: none"> • The Executive Officer will revoke all existing signature cards and authorities. The Executive Officer will review signature cards annually. • The Executive Officer and Director, Office of Acquisition, will update all NIH 2604 forms and signature cards for NIEHS, and evaluate return of authorities. <p>b. develop and disseminate internal guidance on processing CAN changes.</p>	<ul style="list-style-type: none"> • April 2008 • August 2008 • August 2008
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FINDING	REPORT RECOMMENDATIONS	ACTION STEPS	COMPLETION DATE
PART 2. FUNCTIONAL AREA FINDINGS - RESPONSE: 16			
<i>D. Financial Management and Accounting Practices (p.31)</i>			
Improper Monitoring of Financial Records (for conditional gift funds) (p.34)	3. We recommend that the NIH Director instruct the OFM Director to conduct a comprehensive review of conditional and unconditional gifts received by NIEHS.	3. The NIEHS Director will instruct the Executive Officer to work in coordination with the Director, NIH Office of Financial Management, the NIEHS Budget Officer and the NIEHS Ethics Office, to review each current conditional and unconditional gift fund file for compliance with ethics requirements.	<ul style="list-style-type: none"> • November 2008

FINDING	REPORT RECOMMENDATIONS	ACTION STEPS	COMPLETION DATE
PART 2. FUNCTIONAL AREA FINDINGS - RESPONSE: 17			
<i>D. Financial Management and Accounting Practices (p.31)</i>			
<p>Noncompliance With Laws, Regulations, and Policies (addressing cashier activities, gift administration, travel, and entertainment) (p. 35)</p>	<p>We recommend that the NIH Director instruct the NIEHS Director to:</p> <ol style="list-style-type: none"> 4. monitor the gift funds to ensure that unexpended Conditional Gift fund balances are transferred to the Unconditional Gift fund when a project is completed or if it cannot be completed. 5. review and improve internal controls over the travel charge card program at NIEHS and 6. require travel approving officials to take training on HHS and NIH travel policy. 	<p>The NIEHS Director will ensure that:</p> <ol style="list-style-type: none"> 4. the Budget Officer implements a new business process to close Conditional Gift Fund accounts that have been inactive for one year. 5. the Chief, Administrative Services and Analysis Branch, implements an internal quarterly audit program. The second quarter audit is in progress. 6. division lead administrative officers review current travel cardholders and determine their continued need for a travel card. <ul style="list-style-type: none"> • The Executive Officer will require a mandatory refresher (existing online course) if there is an instance of travel card misuse; this is in addition to any disciplinary actions required by the NIH Table of Penalties. • division directors ensure that travel approving officials retake the NIH travel training, "Travel for Administrative Officers/Approving Officials." 	<ul style="list-style-type: none"> • August 2008 • August 2008 • August 2008 • August 2008 • October 2008

	<p>7. submit all Form 2408-1, <i>Request for Use of Appropriated Funds for Light Refreshments or Meals and Other Entertainment Expenses</i>, to OFM for prior approval until NIEHS develops a process to protect against misuse that is acceptable to the OFM Director.</p>	<p>7. the Budget Officer develops a procedure to protect against misuse of funds for entertainment, with the goal of returning approval authority for entertainment expenditures to NIEHS. The new procedure will address conflicts of authority in the approval process by requiring that all NIEHS requests for entertainment funds be submitted to OFM for prior approval.</p>	<ul style="list-style-type: none"> • August 2008
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FINDING	REPORT RECOMMENDATIONS	ACTION STEPS	COMPLETION DATE
PART 2. FUNCTIONAL AREA FINDINGS - RESPONSE:18			
<i>E. Integrity of the NIEHS Grant-Making Processes</i>			
<p>... It is not realistic to expect subordinates of institute Directors to effectively manage the real or apparent conflicts of interest of their supervisors, particularly at NIEHS, which is geographically distant from the main NIH campus.</p>	<p>1. We recommend that the NIH Director instruct the NIH Deputy Director of Extramural Research and the NIH Ethics Office Director to develop written guidance to assist in the management of conflicts of interest of current and future NIEHS Directors. Topics to address when developing the guidance should include, at a minimum:</p> <ul style="list-style-type: none"> • identification of all officials involved in the management of conflicts of interest and their roles and responsibilities (e.g., Office Heads, Gatekeepers, IC Directors, and others), • internal controls to ensure that roles and responsibilities are adhered to, • approval / appointment of Gatekeepers, • what Gatekeepers and others should do if they find a problem, and • types of information that can be disclosed to the IC Director for entities from which he/she is recused. 	<p>1. The NIEHS Director will instruct the Director, Division of Extramural Research and Training to work with the NIH Deputy Director of Extramural Research, the NIH DEC, and the NIH Ethics Office Director to develop written guidance to:</p> <ul style="list-style-type: none"> • identify as information gatekeepers the individuals occupying the following positions: Director, DERT (for scientific COI); NIEHS Ethics Officer (for financial/institutional COI) • develop procedures to identify, document, and manage financial/institutional Conflict of Interest (COI) for all staff who participate in the decision making process to award extramural grants, including NIEHS Director, Deputy Director, DERT Director, and DERT staff. • establish a more comprehensive set of procedures to identify and document scientific COI for all involved parties and to manage COI once they have been identified. • inform relevant NIEHS staff of 	<ul style="list-style-type: none"> • September 2008

		<p>the new conflict of interest procedures.</p> <ul style="list-style-type: none">• develop, oversee, and document training of staff on the new procedures and provide staff with a safe environment in which to report potential or real COI and other management concerns to the NIH OD or NIH Ombudsman.• monitor staff compliance and ensure that established procedures are being followed.• ensure that recusals of the NIEHS Director and Deputy Director from the grant making process are referred to the NIH Deputy Director for Extramural Research, to ensure consistent application of NIH ethics rules. Operationally, no information can be disclosed to the NIEHS Director or Deputy Director during the grant making process on applications from which he/she is recused.	
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FINDING	REPORT RECOMMENDATIONS	ACTION STEPS	COMPLETION DATE
PART 2. FUNCTIONAL AREA FINDINGS - RESPONSE:19			
<i>F. Governance Structure and Other Management Decisions (p.41)</i>			
<p>Inconsistent Decision-Making Regarding Usage at Core Facilities and Central Services (p. 41)</p>	<p>1. We recommend that the NIH Director instruct the NIEHS Director to develop a consistent decision process for allocating usage of core facilities in order to optimize resources.</p>	<p>1. The NIEHS Director will direct the Director, Division of Intramural Research, in full concert with the Executive Officer and Budget Officer, to:</p> <ul style="list-style-type: none"> • review core laboratories to differentiate between those activities that constitute cores and those that are infrastructure. For this purpose, the definition of “core laboratories” is “centralized, project-specific resources that conduct high volume and/or highly technical scientific tasks using personnel specifically assigned to these activities.” Central functions that do not meet this definition will be treated as infrastructure available to all, or where appropriate, will begin to function on a fee-for-service basis. (Three such functions already are provided in this manner: the warehouse, self-service store, and molecular biology reagents repository.) • present the designation of core versus infrastructure to the Board of Scientific Counselors for concurrence. 	<ul style="list-style-type: none"> • August 2008 • November 2008

		<ul style="list-style-type: none"> • perform the following actions for all functions that meet the definition of a core laboratory: <ul style="list-style-type: none"> - gather baseline information on core costs and utilization - develop cost-basis assessment tools - assess scientific impact of core usage based on publications and other metrics • establish oversight mechanisms to apply best financial and management practices to all cores, using the Microarray Core as a model. All such core and infrastructure models will be reviewed by the Executive Officer and Budget Officer. <ul style="list-style-type: none"> - Oversight of each core will include monitoring the use of core resources and conducting periodic reviews to ensure continued need and compliance. - Cost management and reporting from core laboratories will be made uniform and tracked. • report all core laboratory costs to the Board of Scientific Counselors as addressed in Response to Key Finding (Response 3). 	<ul style="list-style-type: none"> • September 2008 • May 2009 • November 2008
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FINDING	REPORT RECOMMENDATIONS	ACTION STEPS	COMPLETION DATE
PART 2. FUNCTIONAL AREA FINDINGS - RESPONSE:20			
<i>F. Governance Structure and Other Management Decisions (p.41)</i>			
<p>Functions of the Division of Intramural Research and the Office of Management (p. 42)</p> <ul style="list-style-type: none"> • Parallel administrative structures in DIR and OM create lack of transparency in data and decision-making 	<p>We recommend that the NIH Director instruct the NIEHS Director to:</p> <ol style="list-style-type: none"> 2. consolidate the separate DIR functions for human resources and information technology into those servicing the rest of NIEHS and 	<ol style="list-style-type: none"> 2. a. The NIEHS Director will inform the division and office directors that: <ul style="list-style-type: none"> • all administrative officers and administrative technicians will report to the Executive Officer or his designee. • all budget transactions performed by the Division of Intramural Research administrative officers will be directly supervised and approved by the Executive Officer or his designee. • all human resources functions performed by the Division of Intramural Research administrative officers will be directly supervised and approved by the Executive Officer or his designee. The Executive Officer will ensure that Division of Intramural Research administrative staffs review their procedures for adherence to the "NIH Human Resources 	<ul style="list-style-type: none"> • August 2008 • August 2008 • August 2008

	<p>3. identify the best system to manage the budget and use that system throughout NIEHS.</p>	<p>Roles and Responsibilities” guidelines.</p> <p>2. b. The NIEHS Director and the Executive Officer will communicate and support fully the consolidation of institute-wide IT activities and contracts.</p> <ul style="list-style-type: none"> • The Executive Officer will ensure that the Chief Information Officer will assess current information technology/information management functions, investments, and expenditures; and will develop a plan for coordinating delivery of such functions and defined support services throughout the NIEHS. Such a plan will include: <ul style="list-style-type: none"> - a shared IT strategic plan - a deliberate approach to IT governance - a system of accountability for IT operations to the division directors through Service Level Agreements. <p>3. The NIEHS Director, the Executive Officer, the Budget Officer, and Division Directors, will:</p> <ul style="list-style-type: none"> • conduct an evaluation of the Division of Intramural Research proprietary budget tracking database to identify those data that cannot be tracked by the NIH budget tracking system. The Chief Information Officer will 	<ul style="list-style-type: none"> • August 2008 • June 2009 • November 2008
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		<p>be responsible for developing a capability for tracking these unique data including:</p> <ul style="list-style-type: none">• Support services down to the Common Accounting Number (CAN) level• Space allocation down to the principal investigator level• Personnel costs for Visiting Fellows and IRTAs• Other laboratory support costs (e.g., core laboratory expenses)	
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FINDING	REPORT RECOMMENDATIONS	ACTION STEPS	COMPLETION DATE
PART 2. FUNCTIONAL AREA FINDINGS - RESPONSE 21			
G. EEO and Climate Assessment (p.44)			
<p>Ombudsman Cases Reflect Distrust Between Employees and Senior Management (p. 44)</p> <ul style="list-style-type: none"> While the overall variety and scope of concerns raised by NIEHS employees and managers were similar to those at other NIH institutes, NIEHS cases reflected mostly mistrust between employees and senior management, as well as difficulties in scientific collaboration and research between peers, mentors, mentees, and other subordinates. 	<p>The recommendations in Key Finding IV: Negative Perceptions of NIEHS Leadership Are Prevalent Among NIEHS Employees, address these EEO and climate assessment findings:</p> <p>We recommend that the NIH Director:</p> <ol style="list-style-type: none"> instruct the Office of Equal Opportunity and Diversity Management (OEODM) Director and the NIH Ombudsman to release the results of the Organizational Climate Survey to NIEHS employees, instruct the OEODM Director and the NIH Ombudsman to conduct a follow-up organizational climate assessment survey at NIEHS, using the current assessment as a baseline to identify improvements in any areas listed in this report, and instruct the NIEHS Director to develop an action plan to address low morale. 	<p>The responses to the recommendations under Key Finding IV: Negative Perceptions of NIEHS Leadership Are Prevalent among NIEHS Employees, address these findings, therefore no additional action steps are specified.</p>	