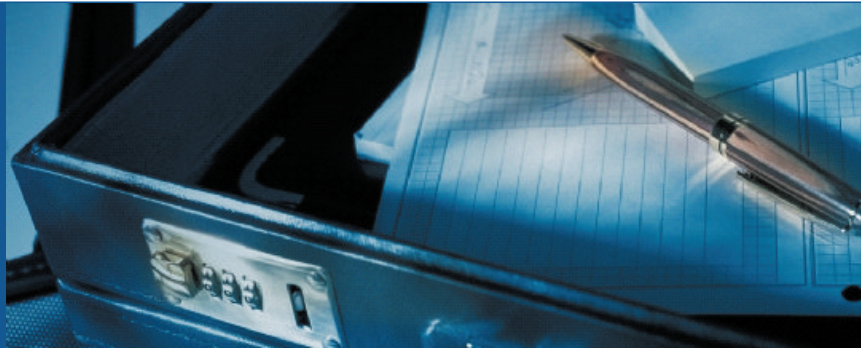




ALERT

MARCH 2018



False Claims Act Alert: Federal Grant Reporting Serves as Basis for FCA Action

On February 16, 2018, the University of North Texas settled with the Department of Justice for more than \$13 million based upon a self-reported failure to accurately measure, track, and pay researchers for effort spent on certain federally sponsored research. This is one of the larger settlements for inaccurate federal grant effort reporting and would have possibly been larger had it been based upon a *qui tam* investigation rather than a self-report by the university.

Research institutions that accept federal grant monies from National Institutes of Health, National Science Foundation, and others are required to comply with technical and detailed effort reporting rules and regulations. Researchers may inaccurately report effort devoted to research activities for reasons including inadequate reporting infrastructure or misunderstanding about how to apply effort reporting rules. Failure of institutions to reliably and accurately track researcher efforts can result in overpayment of researchers and could subject the institution to significant False Claims Act ("FCA") liability.

While federal agency audits of federal grant effort reporting is relatively common, FCA investigations in this area have been relatively uncommon to date. There have been only a few published settlements for FCA investigations based upon inaccurate federal grant effort reporting in the past 10 years. But, given the risk of reporting errors and the large settlement potential, this could become fodder for *qui tam* counsel moving forward. It is therefore critical that research institutions remain vigilant in their compliance efforts to ensure adherence to federal grant effort reporting rules and regulations.

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