AUDIT REPORT

Audit of NIST MEP Awards to Ohio Department of Development

REPORT NO. OIG-26-025-A

AUGUST 19, 2026

U.S. Department of Commerce
Office of Inspector General
Office of Audit and Evaluation

UNITED STATES DEPARTMENT OF COMMERCE
Office of Inspector General
Office of Audit and Evaluation
Washington, DC 20230

August 19, 2026

MEMORANDUM FOR: Arvind Raman, Ph.D.
Under Secretary of Commerce for Standards and Technology
and Director, National Institute of Standards and Technology

FROM: Arthur L. Scott Jr.
Assistant Inspector General for Audit and Evaluation

SUBJECT: *Audit of NIST MEP Awards to Ohio Department of Development*
Report No. OIG-26-025-A

Attached is the final report on our audit of NIST Hollings Manufacturing Extension Partnership awards to the Ohio Department of Development and its compliance with award terms and conditions. We will post the report on our website per the Inspector General Act of 1978, as amended (5 U.S.C. §§ 404, 420).

By October 18, 2026, please provide an action plan addressing the report's recommendations, as required by Department Administrative Order 213-5.

We appreciate your staff's cooperation and professionalism during this audit.

Attachment

Audit of NIST MEP Awards to Ohio Department of Development

Audit Report OIG-26-025-A
August 19, 2026

What We Audited | Our objective was to determine whether the Ohio Department of Development (ODOD) complied with award terms and conditions.

Why This Matters | The National Institute of Standards and Technology (NIST), in the Department of Commerce, oversees the Hollings Manufacturing Extension Partnership (MEP). MEP centers provide manufacturers with services and access to resources to enhance growth, improve productivity, and expand capacity. NIST awards financial assistance to operate the centers. ODOD, a state agency, operates the Ohio MEP Center, which includes six subrecipients across the state.

In a previous audit of MEP awards to ODOD, we questioned nearly $7 million in costs and identified over $1.4 million of unreported program income. In our recent evaluation of MEP's economic impact reporting, we found that some economic data reported by the Ohio MEP Center's clients was unreliable.

What We Found | We found that ODOD did not comply with award terms and conditions. Specifically:

- ODOD did not report accurate financial results to NIST.
- ODOD did not ensure subrecipient expenses were allowable.
- ODOD did not effectively monitor subrecipients' compliance with award terms and performance and did not report on subrecipients as required.
- ODOD did not verify the accuracy of the Ohio MEP Center's economic impact data.

As a result, we are questioning $20,911,830 in costs and identifying $5 million in funds to be put to better use and $2,756,752 in underreported program income.

What We Recommend | We made six recommendations to NIST to determine whether additional enforcement action is needed, determine and recover unallowable costs, require ODOD to revise its financial reporting, remove unreliable economic data from NIST's website and publications, strengthen NIST oversight of award recipients, and require award recipients to certify subrecipients were effectively monitored and certify and obtain documentation to justify the accuracy of economic impact reporting. NIST concurred with our recommendations and is working to implement them.

Contents

Introduction

The National Institute of Standards and Technology (NIST), in the Department of Commerce, oversees the Hollings Manufacturing Extension Partnership (MEP). The MEP is a national network established by the Omnibus Trade and Competitiveness Act of 1988.[1] MEP's mission is to enhance the productivity and technological performance of U.S. manufacturing. In locations across the country and Puerto Rico, MEP centers provide manufacturers with services and access to public and private resources to enhance growth, improve productivity, and expand capacity.

NIST makes federal financial assistance awards in the form of cooperative agreements to state, university, and nonprofit organizations to operate the centers. Each MEP award pays for up to 50 percent of a center's total project costs, while the recipient is responsible for the remaining portion (called nonfederal cost share).[2] Organizations operate centers for up to 5 years with the possibility of NIST renewing the base award on a noncompetitive basis for an additional award period of up to 5 years. Renewal funding for each organization depends on the outcome of NIST's program performance reviews, compliance with MEP's terms, continued relevance of the MEP center award to the mission and priorities of the MEP program, and the availability of federal award funds and commensurate nonfederal cost share.

Centers may also receive supplemental MEP awards from NIST for specific initiatives.[3] These awards do not require nonfederal cost share.

The Ohio Department of Development (ODOD), a state agency, is one of the largest recipients of MEP funds. ODOD operates the Ohio MEP Center,[4] which includes six subrecipients across the state. These subrecipients offer services to manufacturers in exchange for a fee. Figure 1 shows a map of the Ohio MEP Center's current and past subrecipients.[5]

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[1] Pub. L. No. 100-418, § 5121, 102 Stat. 1107, 1433 (1988).

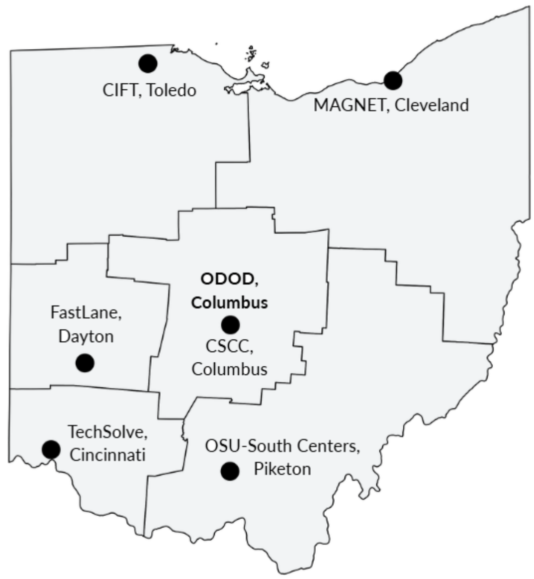
[2] *See* 15 U.S.C. § 278k(e)(2). Sources of nonfederal cost share include contributing cash and providing in-kind (noncash) contributions.

[3] Past MEP initiatives include assisting manufacturers in implementing cybersecurity protections, improving supply chain networks, and preparing for and responding to the COVID-19 pandemic.

[4] References to the Ohio MEP Center are used to indicate ODOD and its subrecipients collectively.

[5] As of December 1, 2025.

Figure 1. Map of Ohio MEP Center Subrecipients



Source: OIG review of ODOD subrecipients

Abbreviations: CIFT = Center for Innovation Food Technology; MAGNET = The Manufacturing Advocacy and Growth Network; FastLane – Fastlane at the University of Dayton Research Institute; CSCC = Columbus State Community College; OSU-South Centers = Ohio State University South Centers.

Note: Former subrecipients not pictured are PolymerOhio, Westerville; Ohio State University Center for Design and Manufacturing Excellence (OSU-CDME), Columbus; Appalachian Partnership for Economic Growth (APEG), Nelsonville; and MPI Group, Shaker Heights.

Since October 1, 2016, ODOD has received almost $52 million in federal funds (see table 1). ODOD has largely provided these funds to its subrecipients via annual subawards. In fiscal year (FY) 2025, the federal funds passed through to each subrecipient ranged from $400,000 to $2,376,983.

Table 1. Summary of MEP Awards to ODOD Since October 1, 2016

Award Description	Period of Performance	Federal Share
Base Award (Years 1–5) Award No. 70NANB16H216	10/01/2016 – 09/30/2021	$27,623,302
Base Renewal (Years 6–10) Award No. 70NANB21H144	10/01/2021 – 09/30/2026	$20,553,099
Supplemental – COVID Relief Award No. 70NANB20H035	06/01/2020 – 09/30/2021	$2,299,817
Supplemental – Digital Maturity Award No. 70NANB20H158	09/01/2020 – 08/31/2023	$998,996
Supplemental – Disaster Assistance Award No. 70NANB19H135	09/01/2019 – 08/31/2020	$223,411
Supplemental – Supply Chain Award No. 70NANB23H078	06/01/2023 – 05/31/2025	$190,907
Total		**$51,889,532**

Source: OIG analysis of federal funds received by ODOD through financial assistance awards from NIST MEP

Note: Award details are as of December 1, 2025, and do not reflect any repayment of federal funds resulting from award closeout or findings from this audit.

Our Prior Reports

In our 2010 audit[6] of MEP awards to ODOD, we questioned nearly $7 million in costs and identified over $1.4 million of unreported program income. We also had concerns about one subrecipient's financial accounting system and property management standards. In our 2024 evaluation[7] of MEP's economic impact reporting, we found that some economic data reported by the Ohio MEP Center's clients through the MEP survey process was unreliable. NIST uses economic impacts from its surveys as a primary means to evaluate center performance for continued federal funding. NIST's reliance on these economic impacts may have resulted in the use of taxpayer money to fund the Ohio MEP Center even though it overstated its performance.

[6] Commerce OIG. March 2010. *State of Ohio, Department of Development, MEP Award 70NANB5H1188*, DEN-18604.

[7] Commerce OIG. September 25, 2024. *NIST Overstated MEP's Economic Impacts to Congress and Other Stakeholders*, OIG-24-037-I.

Objective

Our objective was to determine whether ODOD complied with award terms and conditions. As in our 2010 audit report, we reviewed compliance with cost allowability, program income reporting, and subrecipient monitoring. We also performed a limited review of the Ohio MEP Center's reported economic impacts for reliability, as we did in our 2024 evaluation report. Appendix 1 details our scope and methodology.

Findings and Recommendations

Summary: We found ODOD did not comply with award terms and conditions. Specifically:

- ODOD did not report accurate financial results to NIST.
- ODOD did not ensure subrecipient expenses were allowable.
- ODOD did not effectively monitor subrecipients' compliance with award terms and performance and did not report on subrecipients as required.
- ODOD did not verify the accuracy of the Ohio MEP Center's economic impact data.

The Ohio MEP Center used award funds to pay for unallowable expenses, generate program income that subrecipients retained and did not report to NIST for the required reinvestment into MEP, and financially benefit board members—all while the Ohio MEP Center continued to overstate its performance. As a result, we are questioning $20,911,830 in costs and identifying $2,756,752 in underreported program income. Following our communications with NIST during the audit, it suspended the base award renewal to ODOD effective December 5, 2025, leading to the potential to put $5 million in taxpayer funds to better use.

We reported similar concerns regarding unreported program income, unallowable expenses, and unreliable performance reporting in two recent reports on the MEP program.[8]

ODOD and its Subrecipients Did Not Comply with Award Terms and Conditions

We found that ODOD did not comply with key award terms and conditions while continuing to submit unreliable economic impact data to NIST—and, in turn, overstated its performance to NIST, the public, and congressional stakeholders. As a result of ODOD's

[8] Commerce OIG, OIG-24-037-I, and Commerce OIG, February 25, 2025, *OIG's Evaluation of MEP's Economic Impact Reporting Process Also Identified Instances of Noncompliance at Centers, Led to NIST Action*, OIG-25-011-I.

inaccurate financial reporting, misuse of award funds, and ineffective monitoring of subrecipients, we believe that approximately $5 million in funds awarded to the Ohio MEP Center can be put to better use in the NIST MEP program. Further action from NIST is essential to hold ODOD accountable and protect taxpayer funds. This includes strengthening oversight of MEP award recipients and ensuring that they, in turn, fulfill their responsibilities to adequately monitor subrecipients.

ODOD Misstated the Financial Results Reported to NIST

ODOD is required to have effective control over and accountability for all federal funds, ensuring they are used solely for authorized purposes.[9] This includes providing accurate, current, and complete disclosure of the financial results of a federal award.[10] Using information received from its subrecipients, ODOD prepares and submits these disclosures to NIST through semiannual Federal Financial Reports (SF-425s) that specify federal funds authorized and expended, nonfederal cost share required and expended, and program income.[11] Despite certifications from ODOD personnel that the financial reports submitted were true, current, and accurate, the reports contained significant misstatements and omissions. Specifically, they understated the amount of program income generated by award funds and overstated nonfederal cost share. We describe these instances below.

ODOD did not report $2.7 million in program income its subrecipients generated from federal awards, as required. ODOD's underreporting meant that millions of dollars in program income were not accounted for and ODOD could not ensure the unreported program income was used for authorized purposes. We found $2,756,752 across several subrecipients that was not reported, as well as other significant instances of unreported program income that will require further detailed review by NIST to identify the precise amounts, as noted below. For example, we determined that:

- The Center for Innovation Food Technology (CIFT) did not report $2,264,779 and $154,804 in program income under the base award and award renewal, respectively. CIFT conceded to us that $1,867,279 in program income was not reported under the base award but believes the remaining amounts related to revenue from nonmanufacturing clients should not qualify as program income. MEP award funds are intended to assist manufacturers only, but CIFT billed some

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[9] 2 C.F.R. § 200.302(b)(4).

[10] 2 C.F.R. § 200.302(b)(2).

[11] Program income is defined in the Code of Federal Regulations as "gross income earned by the recipient or subrecipient that is directly generated by a supported activity or earned as a result of the federal award during the period of performance." *See* 2 C.F.R. § 200.1. Among other income sources, program income includes income from fees for services performed and the use or rental of real or personal property acquired under federal awards.

expenses used to generate revenue from its nonmanufacturing clients to both the base award and award renewal. Any revenue generated by award funds is program income—it is irrelevant whether the client is a manufacturer or not.

- Columbus State Community College (CSCC) disclosed to us that it did not report $24,425 and $207,473 in program income under the base award and award renewal, respectively. CSCC recorded the revenue in general ledgers unrelated to its MEP subawards.
- The Manufacturing Advocacy and Growth Network (MAGNET) confirmed to us that several expenses charged to its Ohio MEP Center awards did not follow the award requirement to report the corresponding revenue as program income to be used for award purposes, which allowed MAGNET to keep the money without any restrictions on it. For example:
    - During FY 2022, when MAGNET generated $140,542 in rental income, MEP awards paid for approximately 50 percent of MAGNET's indirect costs. Therefore, MAGNET should have reported approximately half of its rental revenue, or $70,271, to NIST as program income. MAGNET recovers its facility expenses by billing those expenses through its awards and contracts as indirect costs.[12]
    - Similarly, MAGNET confirmed to us that client fees were not reported as program income even though MAGNET allocated the related expenses to NIST awards. In one case, MAGNET billed $25,526 in expenses to the base award renewal but did not follow award requirements to report the related $35,000 of revenue generated through clients' fees.

MAGNET confirmed to us that it has not reported any rental income or fully reported all client fees. We found that MAGNET generated a total of $1,039,051 and $25,353,470 in rental income and client revenue, respectively, from July 2017 through June 2024. Further detailed review by NIST will be necessary to determine the full extent of unreported program income from MAGNET's rental income and client fees over the scope of our audit since the amounts in the bullet points above are only examples.

MAGNET had additional unreported program income from $6,638,327 in sales. During our audit, we discovered that MAGNET also had over $6.6 million in sales of personal protective equipment (PPE). MAGNET confirmed to us that it generated these sales partly by allocating $1,012,800 in related expenses (labor, subcontracts, materials, and public relations) to its supplemental COVID relief award and additional expenses to its base award. NIST was unaware of these sales and did not approve MAGNET's allocation of

[12] Indirect costs are costs not directly attributable to a specific purpose or project, such as utility expenses.

related expenses to its MEP awards. Because of this, NIST will need to determine the precise amount of unreported program income attributable to the MEP awards from MAGNET's sales of PPE.

ODOD understated its unexpended program income (UPI)[13] by $463,613 on the base award. The residual UPI at the end of the base award was divided based on the final cost share ratio: the center returned a portion to the federal government and kept the rest as an unrestricted asset (which means the Ohio MEP Center did not have to account for the funds to MEP or NIST).

However, the UPI ODOD reported to NIST at the end of the base award was founded on claims that several subrecipients generated "negative UPI" totaling $463,616, reducing its reported UPI by 65 percent (from $713,864 to $250,251). Program income amounts cannot be negative, and the concept of negative UPI balances does not exist in the Code of Federal Regulations (C.F.R.) or NIST requirements.

By reporting negative UPI balances, ODOD allowed its subrecipients to retain more UPI than permitted at closeout. The federal share to be returned should have been calculated on the full, non-negative UPI balance under NIST's disposition rules.

ODOD overstated its nonfederal cost share by $4,961,461. ODOD is required to match federal funds with an equal amount of nonfederal cost share. By overstating its nonfederal cost share, ODOD may have misrepresented that it met its match requirements. For example:

- Nearly $4 million in nonfederal cost share ODOD reported under the base award consisted of approximately $3.5 million in revenue from FastLane and approximately $500,000 in unallowable expenses. FastLane stated that of the $3,990,042 reported, it improperly classified $3,495,914 in revenue as an expense. The remaining $494,128 was related to expenses for work performed by another entity under other federal awards, rendering the expenses explicitly unallowable. Expenses the federal government pays for under other federal awards are not an allowable form of nonfederal cost share.[14]
- FastLane created an expense category called "administrative fees" to eliminate the appearance of profit from services it delivered to its clients. By reporting unsupported expenses, FastLane overstated its nonfederal cost share by

[13] UPI is defined in MEP's *General Terms and Conditions* as program income that is (1) beyond what is required to meet the nonfederal portion of the annual operating budget and (2) not expended during the year. At the time of the award, centers could request approval from NIST to carry UPI forward into the next fiscal year's budget with the expectation that they will work with NIST to reinvest UPI into their MEP projects.

[14] 2 C.F.R. § 200.306(b)(5).

$647,129—matching the exact same amount of the unsupported administrative fees. This also enabled FastLane to retain $647,129 in profit—$588,195 and $58,934 under the base award and the award renewal, respectively.

- ODOD duplicated nonfederal cost share expenditures reported by OSU (Ohio State University)-South Centers under the award renewal. ODOD leadership confirmed reporting $324,290 as nonfederal cost share attributable to one subrecipient under Year 1 of the award and again in Year 2.

Despite clear and repeated guidance from NIST to report all program income and the inclusion of program income requirements in award terms, ODOD still underreported program income. In fact, multiple subrecipients informed us that ODOD directed them not to report program income beyond the budgeted amounts for each subaward.

However, ODOD's subrecipients also bear responsibility. Each of the subrecipients signed subaward agreements that clearly disclosed award criteria, including program income reporting requirements. NIST also invested taxpayer funds for subrecipients to attend trainings to understand award criteria, including reporting obligations for program income. One such training in 2023 cost NIST $250,000 in conference costs and more than $25,000 in travel costs for ODOD's subrecipients. Despite this, subrecipients still underreported program income.

By not reporting program income, understating UPI, and overstating nonfederal cost share, ODOD's subrecipients are not using award funds as intended and are profiting from their awards even though they were explicitly prohibited from doing so.[15] Further, ODOD had no safeguards in place over the program income generated and retained by its subrecipients, meaning there was no accountability for how subrecipients used those funds. As a result, ODOD may need to repay award funds to the government.

ODOD Used Awards to Pay for Unallowable Subrecipient Expenses

Despite requirements to ensure that subrecipients follow award terms including financial compliance, ODOD allowed subrecipients to bill for costs that are unallowable. As a result, we identified $5,820,479 in questioned costs as follows.

[15] The nonfederal entity may not earn or keep any profit resulting from federal financial assistance unless explicitly authorized by the terms and conditions of the federal award. *See* 2 C.F.R. § 200.400(g). The MEP *General Terms and Conditions* do not provide such an authorization.

ODOD approved unallowable direct costs. Only allowable[16] direct costs may be charged to federal awards. However, ODOD approved a significant amount of direct costs that were explicitly unallowable, unnecessary and unreasonable for award performance, or unsupported. In some instances, we also identified duplicate reimbursements from ODOD to subrecipients. These items represent questioned costs totaling $2,350,987.[17] Below are examples of unallowable or unsupported subrecipient expenses we found. Appendix 4 includes additional examples of unallowable costs.

Unnecessary and unreasonable events and catering costs:

- MAGNET hosted a groundbreaking event for its new headquarters with expenses of $60,252 related to event planning and management, staging, landscaping, catering, live music and other entertainment, and security.
- MAGNET also spent $33,052 on conference costs including venue rental, catering, and event management. MAGNET allocated the expenses to the Ohio MEP Center award renewal despite not reporting program income for receiving a $30,000 sponsorship for the event—which it recorded as "organizational revenue"—and collecting $3,800 in event registration fees.

Unallowable marketing and advertising. MAGNET spent $402,135 for public relations and video production costs, including $18,210 for ghostwritten articles on its president's behalf for business publications and $5,743 for the rights to use a photo of a local professional athlete.

Unnecessary and unreasonable event sponsorships. In one instance, MAGNET spent $3,191 to sponsor a gala at a professional sports hall of fame venue and to purchase four tickets to attend at a cost of $1,276. Instead of coding the expense as "advertising/promotion" in its accounting records, MAGNET recorded the expense as "dues/subscriptions."

Unallowable lobbying costs:

- MAGNET's membership costs to a local manufacturing association included $3,403 for lobbying.
- CSCC paid $2,670 to travel to a meeting in Dallas to discuss how to submit future funding proposals for NIST MEP. FastLane spent $1,593 on travel costs for the same

[16] Among the requirements for costs to be allowable under federal awards is that the costs must be necessary and reasonable for performance, conform to limitations or exclusions set by the award, and be adequately documented. *See* 2 C.F.R. § 200.403.

[17] Of the 215 expense transactions tested, we fully or partially questioned 165 transactions, which totaled $2,350,987 including applicable indirect costs.

meeting. Although MAGNET did not allocate travel costs to the NIST award for that meeting, its president, who also served on the board of directors as secretary of the organization hosting the meeting, allocated $5,308 in labor costs to NIST.

Unallowable promotional purchases. OSU-South Centers spent $62,954 on t-shirt purchases. OSU-South Centers personnel said that they purchased the t-shirts at the direction of ODOD.

Unexplainable board-related expenses; potential conflicts of interest. MAGNET could not explain $12,938 in board-related expenses for a scholarship program and telecommunication services.

Duplicate billings. OSU-South Centers confirmed duplicate billings totaling $36,990. The duplicate billings of the same expense occurred on different awards and, in one case, within the same invoice.

MAGNET overbilled its indirect costs and inflated indirect cost rates. We also found significant issues with MAGNET's indirect costs. During FY 2020, MAGNET did not include nearly $6.6 million in purchase orders and over $1.6 million in forgiven Paycheck Protection Program (PPP) loans received during FYs 2020 and 2021 in its overhead rate calculations. According to MAGNET, the PPP funds were used to pay for its indirect expenses; however, MAGNET did not adjust its indirect cost rates down significantly during those years. As a result, it overbilled its indirect costs on its Ohio MEP Center awards—notably by $720,169 in FY 2020.

MAGNET also overbilled indirect costs during FY 2022 by $251,382. Per MAGNET's indirect cost rate agreement, if the final rate is less than the provisional rate MAGNET initially used to bill overhead costs, MAGNET is required to pay back the difference to the funding agency. MAGNET never attempted to pay back the difference, despite having a final rate less than its provisional rate during FY 2022.

Finally, MAGNET conceded that its FY 2023 indirect cost rate included an overstatement of rent expense by $514,858. As a result, MAGNET overbilled its indirect costs on its Ohio MEP Center awards by $105,289 during FY 2023.

ODOD used award funds for unauthorized costs for subsidies and internships. We found ODOD inappropriately drew down federal funds for its subrecipients to subsidize client projects or provide paid internships to manufacturers—even though NIST did not award funds for this purpose and federal criteria[18] explicitly prohibit it.

ODOD used federal funds from the base award to reimburse TechSolve and MAGNET for costs incurred on non-MEP awards funded solely by the state. According to ODOD, the state awards were made directly to TechSolve and MAGNET and were intended to provide manufacturers with subsidies. TechSolve's award expenses included subsidies for client projects, while MAGNET's largely related to payments it made directly to manufacturers for reimbursement of internship wages. NIST did not approve ODOD's use of award funds for these purposes. As a result, we identified a total of $607,950 in unallowable expenses.

ODOD also made MEP subawards using federal funds under the base award that were unallowable to FastLane and CIFT for subsidizing client projects and to MAGNET for reimbursements to manufacturers for internship wages. NIST did not approve the use of award funds for either of these purposes. In fact, federal criteria[19] prohibit using award funds to make contributions, including cash and services, to other entities. Further, the subawards to both FastLane and MAGNET exceeded the $150,000 threshold for NIST's preapproval, which ODOD did not obtain. We are questioning $1,784,702 in costs incurred under these awards, shown in table 2.

Table 2. Subawards Questioned Due to Lack of Preapproval and/or Unauthorized Client Subsidies

Subrecipient	Federally Funded Amount	Nonfederal Cost Share	Total
MAGNET	$236,250	$869,451	$1,105,701
FastLane	$386,072	$150,000	$536,072
CIFT	$142,929	–	$142,929
Total	**$765,251**	**$1,019,451**	**$1,784,702**

Source: OIG analysis of subawards unapproved by NIST

ODOD did not adequately review invoices from its subrecipients to ensure only allowable costs were charged to federal subawards, nor did it obtain preapproval from NIST for using award funds to subsidize projects for manufacturers. Further, ODOD did not adequately monitor subrecipients to ensure federal requirements were followed.

[18] The costs of contributions, including cash from the subrecipient to other entities, are unallowable. *See* 2 C.F.R. § 200.434(a).

[19] 2 C.F.R. § 200.434(a).

As a result, subrecipients wasted a significant amount of taxpayer funds on food, entertainment, lobbying, and self-promotion. Subrecipients also misused taxpayer funds by charging federal awards for duplicate expenses and overstated indirect costs, paying for unexplained board-related expenses, and providing subsidized services—sometimes under contractual requirements that clients agree to take the MEP survey and report economic impacts, potentially overstating their performance as a result.

ODOD Did Not Effectively Monitor Subrecipients' Compliance or Performance and Did Not Report on Subrecipients as Required

Federal award regulations require ODOD to evaluate its subrecipients for risks and monitor them to ensure they comply with award terms and conditions and achieve performance goals and objectives.[20] However, we found that ODOD continued to use taxpayer dollars to fund TechSolve, one of its largest subrecipients of award funds,[21] despite its poor performance, material noncompliance with award terms and conditions, and financial instability. As a result, we are questioning $9,005,706 as unreasonable and unnecessary subawards to TechSolve during FYs 2021 to 2024.

By ODOD's own metrics, TechSolve performed poorly from FYs 2019 to 2024 and was placed on two separate performance improvement plans during this period—while receiving millions of dollars in award funds annually. ODOD ended both performance improvement plans, even though TechSolve continued to underperform. ODOD could not provide us with a reasonable explanation or supporting documentation for removing TechSolve from the performance improvement plans amid its continued underperformance.

In addition, TechSolve has not undergone single audits[22] for multiple years, most recently for FY 2024. Even though ODOD is required to verify that its subrecipients are audited as required, ODOD was unaware that TechSolve had not been subject to single audits in recent years.

The need for single audits was even more critical for TechSolve because it verbally disclosed solvency risks to us during our audit. ODOD was aware of these risks, which

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[20] 2 C.F.R. §§ 200.332(c), (e).

[21] TechSolve's MEP base and renewal awards from October 2016 to September 2024 totaled more than $24 million, the second largest award of the current six subrecipients.

[22] Currently, federal award recipients that expend $1,000,000 or more in federal awards in an FY are required to undergo an audit of their financial statements and federal award expenditures conducted by an independent party, known as a single audit. *See* 2 C.F.R. § 200.501(b). These audits can identify deficiencies in the award recipient's compliance with laws, regulations, contracts, or grant agreements and in its financial management and internal control systems. Before October 1, 2024, the single audit threshold was $750,000.

raises questions as to the extent of ODOD's monitoring and its basis for continuing to provide TechSolve millions of dollars in taxpayer funds.

We also found significant real and potential conflicts of interest, including board members serving as vendors despite award terms that explicitly prohibit such relationships.[23] Further, none of the conflicts of interest were reported to NIST as required.[24] For example:

- One MAGNET board member served as a contractor through his employer, OSU. On one contract, MAGNET paid OSU $249,911 for these contractor services. We found additional contracts from MAGNET to OSU involving the board member totaling $231,453, also allocated to the NIST awards.
- Another MAGNET board member's company, MPI Group, was an ODOD subrecipient on a supplemental award from NIST. ODOD could not show that MPI Group went through the state's required vetting procedures prior to selection. Rather, internal correspondence provided by ODOD demonstrates the company was selected based on suggestions from an OSU contractor and MAGNET's board member. MPI Group received $366,270 in federal funds from its subaward.
- A business development manager at Polymer Ohio, a prior ODOD subrecipient, shared the same residential address as a contractor who provided services to manufacturers on behalf of Polymer Ohio. As a business development manager, the individual was responsible for developing services for manufacturing clients. Polymer Ohio billed the Ohio MEP base award almost $276,550 from 2017 to 2019. ODOD staff were unaware of the potential conflict of interest.
- MAGNET also subsidized services or provided free services to companies associated with its board of directors and ODOD's advisory board. For example:
    - MAGNET paid $45,158 in internship wages for a billion-dollar company with manufacturing facilities around the world. MAGNET also provided $26,748 in internship wages to a publicly traded multinational corporation. Executives from both companies sat on MAGNET's board of directors during the internship periods and when MAGNET paid both companies.
    - A member of ODOD's advisory board received free services from MAGNET's president to help facilitate the sale of his company's proprietary technology. MAGNET valued the services at $5,000.

[23] National Institute of Standards and Technology. 2017. *Oversight Board Standards*, 7. This guidance is consistently present in subsequent revisions, including the most recent revision in 2025.

[24] Department of Commerce. December 26, 2014. *Department of Commerce Financial Assistance Standard Terms and Conditions*, Section J.01.a. As of September 22, 2025, this requirement is in Section F.01.a. of the Department's *Terms and Conditions*.

Finally, ODOD did not report its subrecipients on multiple NIST awards as required under the Federal Funding Accountability and Transparency Act of 2006.[25] On one NIST award where ODOD reported a majority of its subrecipients, it omitted its subaward to MPI Group. ODOD personnel were aware of the requirement but could not explain why MPI Group was not reported.

ODOD's monitoring of its subrecipients was ineffective, allowing millions of dollars in taxpayer funds to be wasted to finance an underperforming subrecipient. At the same time, because it did not disclose significant real and potential conflicts of interest to NIST as required, board members—and potentially at least one subrecipient employee—financially benefited from their involvement with the Ohio MEP Center. Further, receiving financial benefits could influence how a board member votes on operational matters like executive compensation.

ODOD Did Not Ensure Subrecipient Economic Impacts Were Reliable

As the primary award recipient, ODOD is responsible for monitoring the overall performance of its subrecipients, including information reported to NIST during the MEP survey process. Further, NIST policy requires significant impacts to be verified and supported. NIST notifies ODOD and its subrecipients when justifications are required. However, ODOD did not monitor its subrecipients' responses to NIST to ensure the impacts reported by its clients were valid.

We found that a manufacturing company affiliated with a MAGNET board member reported the exact same impacts in FYs 2023 and 2024—$60 million in new sales, $180 million in retained sales, $25 million in cost savings, $5 million in investments, 200 new jobs created, and 500 jobs retained. Overall, these were the largest economic impacts reported by a single Ohio MEP Center client during each of those years.[26] MAGNET reported to NIST that it verified the data for accuracy, as it was required to do, and NIST accepted the economic impacts. In FY 2025, MAGNET reported the exact same economic impacts from the same client—and again reported to NIST that it had verified the impacts for accuracy. MAGNET even certified to NIST that the impacts were correct and stated that it has provided the same services to the client for 3 years in a row. However, MAGNET could not provide us with any supporting documentation to substantiate the services provided to the client for consecutive years, nor could it explain how its services generated the exact same

[25] 31 U.S.C. § 6101. Note: The 2014 version of the *Department of Commerce Financial Assistance Standard Terms and Conditions* contained this reporting requirement at Section K.03.n. As of September 22, 2025, this requirement is located at Section G.05.o. of the *Department of Commerce Financial Assistance Standard Terms and Conditions*.

[26] For FY 2024, the reported economic impacts made up 39 percent of the total reported new and retained sales and 22 percent of the total jobs created and retained for the Ohio MEP Center.

substantial economic impacts in any of those 3 years. NIST ultimately rejected the economic impacts concerning this client for FY 2025, citing the lack of a reasonable explanation from MAGNET. However, NIST included the unreliable economic impacts in assessing the Ohio MEP Center's performance during FYs 2023 and 2024 and in its annual reports for those same years,[27] which have since been used by members of Congress to advocate for MEP.

Similarly, we found that significant economic impacts reported to NIST for another MAGNET client were overstated in FY 2024. MAGNET reported to NIST that it verified the data for accuracy. NIST accepted the economic impact reported and included it in its FY 2024 annual report. Again, the manufacturing company that took the survey was affiliated with a MAGNET board member and received the same type of service from MAGNET as the manufacturer above. However, as before, MAGNET could not provide any supporting documentation concerning the services provided, nor could it provide a reasonable explanation as to how the services generated such significant impacts—including $30 million in increased sales, $25 million in retained sales, $1 million in investments, and 58 new jobs created. The two examples noted here accounted for 47 and 25 percent of the Ohio MEP Center's total sales and jobs during FY 2024, respectively.

In our 2024 evaluation, we found the economic impacts reported by several MEP centers, including the Ohio MEP Center, were unreliable. Specifically, we identified concerns with duplicate economic impacts from MAGNET. During this audit, we continued to find unreliable economic impact data attributable to MAGNET.

Further, MAGNET's willingness to certify to NIST that the economic impacts reported in FY 2025 were correct, including its claim that the same service was provided to the client for three consecutive years despite the lack of support, raises concerns about the integrity of MAGNET's reporting practices and inflated performance results.

[27] Following our 2024 report, which found that MEP's economic impacts were unreliable, NIST removed its 2023 economic impacts from the MEP website and directed its centers not to publicize the economic impacts. However, the 2023 economic impacts are still publicly available through MEP's advisory board website and other online sources.

Recommendations

We recommend that the Under Secretary of Commerce for Standards and Technology and Director of NIST:

1. Determine whether additional enforcement action, including but not limited to termination of ODOD's award renewal, is warranted due to repeated and significant noncompliance and overstatement of performance.
2. Determine the allowability of the $20,911,830 in questioned costs and recover any amount determined to be unallowable.
3. Require ODOD to submit revised Federal Financial Reports (SF-425s) for all MEP awards since October 1, 2016, that are current, accurate, and complete. Ensure the reports address all examples from this audit report.
4. Permanently remove FY 2024 economic impacts attributable to the Ohio MEP Center, along with other known instances of unreliable data, from NIST's publications and website.
5. Strengthen NIST oversight of all MEP award recipients to ensure (1) award results are reported completely and accurately, (2) funds are used strictly for allowable purposes, and (3) subrecipients are effectively monitored.
6. Require award recipients to (1) certify that all subrecipients were effectively monitored to ensure compliance requirements and performance goals are met, (2) certify the accuracy of subrecipient economic impacts selected by NIST for verification, and (3) obtain supporting documentation to justify the accuracy of verified economic impacts reported.

Conclusion

Receipt of federal financial assistance is a privilege. This audit, as well as our prior work, demonstrates that the Ohio MEP Center failed to uphold its financial and ethical obligations, resulting in inadequate oversight and mismanagement of public funds. For nearly the past decade, ODOD and its subrecipients have misused millions of taxpayer dollars received through the MEP program. Not only has ODOD given award funds to a failing subrecipient, but subrecipients also inappropriately spent funds for food, entertainment, and other unallowable expenses such as lobbying.

Perhaps most concerning is that ODOD's subrecipients used award funds to generate millions of dollars in revenue that they did not report to the federal government, despite repeated direction from NIST to do so. Award funds were also used by ODOD and its subrecipients to provide contracts and subawards that financially benefited board members and to give board members free or subsidized services—while defying award terms that require the disclosure of potential conflicts of interest. Board members are responsible for overseeing Center operations; therefore, it is imperative that they refrain from activities that call into question their objectivity.

Finally, in addition to all of the Ohio MEP Center's financial improprieties, it overstated its performance—reporting unreliable economic impacts that Congress used to justify the MEP program and that the Center used to advertise its services to manufacturers. NIST may have also relied on these overstated economic impacts to continue funding the Ohio MEP Center.

The monetary amounts questioned in our audit report are significant, but the full magnitude of the problem may be challenging to identify and therefore difficult to fully remedy. Therefore, additional action beyond the current suspension from NIST will be necessary to protect taxpayer funds from further waste, misuse, and abuse.

Summary of Agency Response and OIG Comments

NIST reviewed a draft version of this report and responded to our findings and recommendations. The response states that the Department concurs with all of our recommendations and describes actions NIST has taken or plans to take to address them. NIST's complete response is included in this report as appendix 5.

NIST also provided technical comments on the draft report in a separate document. We considered these comments and revised the report for clarity where appropriate.

We are pleased that the Department concurs with our recommendations. We look forward to receiving NIST's action plan, which will provide details on its corrective actions.

Appendix 1. Scope and Methodology

Our audit objective was to determine whether ODOD complied with award terms and conditions. The scope of our audit was NIST MEP award costs from FYs 2017 to 2024, which includes two core MEP awards as well as supplemental awards. We also reviewed economic impact data from FYs 2023 to 2025.

To accomplish our objective, we performed the following actions:

- Reviewed relevant laws and other guidance, including:
    - 15 U.S.C. § 278k, *Hollings Manufacturing Extension Partnership,* as amended
    - C.F.R. Title 2, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*
    - *Department of Commerce Grants and Cooperative Agreements Manual,* October 2016 and subsequent revisions
    - *Department of Commerce Financial Assistance Standard Terms and Conditions*, December 2014 and subsequent revisions
    - *NIST MEP Oversight Board Standards,* August 2017 and subsequent revisions
    - *NIST MEP General Terms and Conditions,* August 2017 and subsequent revisions
- Accessed the NIST Grants Management Information System to obtain and review Ohio MEP award applications, award modifications, federal financial reports, Center performance evaluations, single audit finding reviews, official NIST communications, and other records in the award files.
- Accessed the NIST MEP Enterprise Information System to obtain and review project and event descriptions, survey question responses, and survey outlier data.
- Interviewed the NIST grants officer in the NIST Financial Assistance Agreements Management Office to understand award recipient responsibilities and determine NIST-specific guidance concerning the Ohio MEP Center's performance.
- Interviewed ODOD and subrecipient personnel to obtain an understanding of their operations, including financial accounting systems, procurement processes, revenue generation, incurred costs, and economic impact reporting.
- Reviewed award records including subaward agreements, invoices, and proof of payment from ODOD and subrecipients.

Our audit included judgmental selections of all six current subrecipients on multiple awards to verify claimed costs were allowable, allocable, reasonable, and in compliance with award terms and conditions. Our selections were based on expense descriptions, among other factors. Overall, we selected 215 direct cost transactions for testing. Because we used judgmental selection, results and overall conclusions are limited to the items tested and cannot be projected to the population of subrecipients subject to this audit.

We gained an understanding of internal controls significant within the context of the audit objective, specifically control activities related to ensuring costs are allowable, by interviewing NIST, ODOD, and subrecipient officials; reviewing relevant award criteria; and analyzing award files. We reported internal control weaknesses in the “Findings and Recommendations” section of this report.

In satisfying our audit objective, we relied on computer-processed data and other data from NIST, ODOD, and its subrecipients. Although we could not independently verify the reliability of all the information we collected, we compared the information with other available supporting documents and interviewed NIST, ODOD, and subrecipient personnel to determine data consistency and completeness. Based on these efforts, we believe the information obtained is sufficiently reliable to support our findings and conclusions.

We conducted our audit from May 2024 through June 2026 under the authority of the Inspector General Act of 1978, as amended (5 U.S.C. §§ 401-424), and Department Organization Order 10-13, as amended October 21, 2020.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence that provides a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix 2. Potential Monetary Impacts

Table 3 summarizes the questioned costs we identified. We categorize questioned costs as either (1) unallowable or unreasonable[28] or (2) unsupported.[29]

1. An unallowable or unreasonable cost is a cost that we determined does not comply with governing law, regulation, contract, or agreement or that should not have been charged to the government because it is not justifiable or necessary.
2. An unsupported cost is a cost that we determined is not supported by adequate documentation.

Table 3. Summary of $20,911,830 in Questioned Costs

Subfinding	Recommendation	Unallowable or Unreasonable Costs	Unsupported Costs	Total
ODOD Misstated the Financial Results Reported to NIST (Overstated Nonfederal Cost Share)	2	$4,961,461	–	$4,961,461
ODOD Used Awards to Pay for Unallowable Subrecipient Expenses (Direct Cost Testing)	2	$2,036,817	$314,170	$2,350,987
ODOD Used Awards to Pay for Unallowable Subrecipient Expenses (Indirect Costs)	2	$1,076,840	–	$1,076,840

[28] Among the requirements for costs to be allowable under federal awards is that the costs must be necessary and reasonable for performance, conform to limitations or exclusions set by the award, and be adequately documented. *See* 2 C.F.R. § 200.403. Considerations for determining reasonableness must include whether the cost is ordinary and necessary for operations or performance of the federal award and whether the individuals concerned acted with prudence, considering their responsibilities to various stakeholders such as the public and federal government. *See* 2 C.F.R. § 200.404.

[29] All recipient and subrecipient financial management systems, including records documenting compliance with federal statutes, regulations, and the terms and conditions of the federal award, must be sufficient to permit the preparation of reports required by the terms and conditions and must track expenditures to establish that funds have been used in accordance with federal statutes, regulations, and the terms and conditions of the federal award. *See* 2 C.F.R. § 200.302(a). All records must be supported by source documentation. *See* 2 C.F.R. § 200.302(b)(3).

Subfinding	Recommendation	Unallowable or Unreasonable Costs	Unsupported Costs	Total
ODOD Used Awards to Pay for Unallowable Subrecipient Expenses (Unauthorized Costs for Subsidies and Internships)	2	$2,392,652	–	$2,392,652
ODOD Did Not Effectively Monitor Subrecipients' Compliance or Performance and Did Not Report on Subrecipients as Required (TechSolve)	2	$9,005,706	–	$9,005,706
ODOD Did Not Effectively Monitor Subrecipients' Compliance or Performance and Did Not Report on Subrecipients as Required (Conflicts of Interest)	2	$1,124,184	–	$1,124,184
Totals		**$20,597,660**	**$314,170**	**$20,911,830**

Source: OIG analysis of approved financial assistance awards from NIST MEP to ODOD

Table 4 summarizes funds we identified that NIST could put to better use. This recommendation is based on our conclusion that the funds saved as a result of the Ohio MEP Center's suspension could be used more effectively and efficiently within the MEP program.

Table 4. Summary of Funds to Be Put to Better Use

Finding	Recommendation	Funds to Be Put to Better Use
ODOD and its Subrecipients Did Not Comply with Award Terms and Conditions	1	$5,000,000
Total	–	**$5,000,000**

Source: OIG analysis of NIST financial assistance awards to ODOD

Appendix 3. Questioned Costs and Misreported Information

Table 5 summarizes our questioned costs and misreported information by subrecipient and award number. Both unreported program income and understated UPI may result in additional questioned costs as determined by NIST.

Table 5. Questioned Costs and Misreported Information by Subrecipient and Award Number

Subrecipient	Description	70NANB16H216	70NANB21H144	70NANB20H035	70NANB20H158	Total
MAGNET	Unallowable Costs	$3,161,820	$852,281	$197,590	$93,899	**$4,305,590**
	Unsupported Costs	$291,996	$22,174	–	–	**$314,170**
	Unreported Program Income*	$17,568	$87,703	–	–	**$105,271**
	Understated UPI	$130,518	–	–	–	**$130,518**
CIFT	Unallowable Costs	$222,940	$58,106	$13,176	–	**$294,222**
	Unreported Program Income	$2,264,779	$154,804	–	–	**$2,419,583**
FastLane	Unallowable Costs	$5,247,386	$91,022	–	–	**$5,338,408**
	Understated UPI	$12,635	–	–	–	**$12,635**
TechSolve	Unallowable Costs	$3,128,397	$6,197,544	–	–	**$9,325,941**
	Understated UPI	$87,901	–	–	–	**$87,901**

Subrecipient	Description	70NANB16H216	70NANB21H144	70NANB20H035	70NANB20H158	Total
CSCC	Unallowable Costs	$41,499	$19,336	–	–	**$60,835**
	Unreported Program Income	$24,425	$207,473	–	–	**$231,898**
OSU†	Unallowable Costs	$141,738	$418,805	$69,301	–	**$629,844**
MPI	Unallowable Costs	–	–	–	$366,270	**$366,270**
PolymerOhio	Unallowable Costs	$276,550	–	–	–	**$276,550**
	Understated UPI	$127,678	–	–	–	**$127,678**
APEG	Understated UPI	$104,881	–	–	–	**$104,881**
Totals	**Unallowable Costs**	**$12,220,330**	**$7,637,094**	**$280,067**	**$460,169**	**$20,597,660**
	Unsupported Costs	**$291,996**	**$22,174**	**–**	**–**	**$314,170**
	Unreported Program Income*	**$2,306,772**	**$449,980**	**–**	**–**	**$2,756,752**
	Understated UPI	**$463,613**	**–**	**–**	**–**	**$463,613**

Source: OIG analysis of approved financial assistance awards from NIST MEP to ODOD

* Unreported program income does not include amounts from MAGNET's PPE sales, all eligible rental fees, and other project fees, which will need further review by NIST.

† Includes amounts from both OSU-South Centers and OSU-CDME.

Appendix 4. Additional Examples of Unallowable Subrecipient Expenses

Table 6 provides further examples of unallowable or unsupported subrecipient expenses we found in our review of direct costs.

Table 6. Additional Examples of Unallowable Subrecipient Expenses

Expense Category	Subrecipient	Expense Description	Expense Amount
Unnecessary and Unreasonable Events and Catering Costs	MAGNET	Costs were for a celebrity to speak at a virtual event. According to MAGNET, the celebrity never spoke at the event, but MAGNET still expensed the costs to the Ohio MEP Center base award for reimbursement.	$15,954
	OSU-South Centers	Event space and catering over multiple days for a project to train a client's 54 employees. OSU-South Centers did not invoice the client and, as a result, did not receive reimbursement.	$14,639
		Catering for an annual meeting at its local chamber of commerce, including reservations for two attendees at $50 each.	$3,393
	CSCC	Catering for a networking event for Ohio MEP Center staff and its stakeholders ahead of attending a professional soccer game.	$3,182
		Catering a farewell exchange student dinner.	$1,035
Unallowable Marketing and Advertising	MAGNET	Filming and aerial photography of MAGNET's new building.	$40,188
		Advertising to congratulate MAGNET's president on his selection as a top 50 executive by a business publication.	$2,533

Expense Category	Subrecipient	Expense Description	Expense Amount
Unnecessary and Unreasonable Event Sponsorships	MAGNET	Sponsorship of a Chinese New Year celebration at a sports arena prior to a professional basketball game, including advertising and tickets to a networking event with cocktail hour and admission to the game.	$3,222
		Sponsorship of a benefit that included golf, lunch, cocktails, and appetizers for two.	$3,221
		Sponsorship of a benefit that included advertising on a “beverage hole sign,” golf, and a reception dinner for two.	$2,096
	TechSolve	Sponsorship of a golf event.	$1,886
Unallowable Promotional Purchases	FastLane	T-shirts, golf balls, journals, and poker chips.	$8,353
	CIFT	Vegetable boxes.	$4,278
	TechSolve	Sunglasses, pens, and mugs.	$3,415
	CSCC	Phone stands.	$2,206

Source: OIG analysis of approved financial assistance awards from NIST MEP to ODOD

Appendix 5. NIST's Response

NIST's response to our draft report begins on the next page.

UNITED STATES DEPARTMENT OF COMMERCE
National Institute of Standards and Technology
Gaithersburg, Maryland 20899

OFFICE OF THE DIRECTOR

July 1, 2026

MEMORANDUM FOR Arthur L. Scott, Jr.
Assistant Inspector General for Audit and Evaluation

FROM: Arvind Raman, Ph.D.
Under Secretary of Commerce for Standards and Technology &
Director, National Institute of Standards and Technology

SUBJECT: National Institute of Standards and Technology's Response to the Office of Inspector General's Draft Report dated June 2, 2026, *Audit of NIST MEP Awards to Ohio Department of Development*

Thank you for the opportunity to respond to the Office of Inspector General (OIG) draft report entitled *Audit of NIST MEP Awards to Ohio Department of Development*

The Department concurs in principle with the recommendations and will prepare a formal action plan upon issuance of OIG's final report.

- **OIG's Recommendation #1:** Determine whether additional enforcement action, including but not limited to termination of ODOD's award renewal, is warranted due to repeated and significant noncompliance and overstatement of performance.

  NIST Comment: Currently the OH MEP award is in suspended status. NIST will evaluate the need for further action upon review of the OIG's final report.

- **OIG Recommendation #2**: Determine the allowability of the $20,911,830 in questioned costs and recover any amount determined to be unallowable.

  NIST Comment: Upon issuance of the final audit report, NIST intends to follow the procedures set forth in Section 6.03 of DAO 213-5 relative to the disposition of the subject questioned costs.

- **OIG Recommendation #3**: Require ODOD to submit revised Federal Financial Reports (SF-425s) for all MEP awards since October 1, 2016, that are current, accurate, and complete. Ensure the reports address all examples from this audit report.

  NIST Comment: As part of the Agency Resolution Determination, NIST will require the recipient to submit revised SF-425s for all years covered by the audit reflecting the award costs and program income amounts ultimately approved by NIST.

- **OIG Recommendation #4**: Permanently remove FY 2024 economic impacts attributable to the Ohio MEP Center, along with other known instances of unreliable data, from NIST's publications and website.

NIST

NIST Comment: As of January 2026, NIST has temporarily removed language regarding the MEP National Network-wide economic impacts attributable to Fiscal Year (FY2024) and statements about the economic impacts of the MEP National Network "since 2000" from the MEP website. Ohio MEP FY2024 economic impacts have also been temporarily removed. NIST leadership is evaluating potential revisions to the FY2024 economic impact data based on recent enforcement action. At this time, no release date has been determined.

- **OIG Recommendation #5**: Strengthen NIST oversight of all MEP award recipients to ensure (1) award results are reported completely and accurately, (2) funds are used strictly for allowable purposes, and (3) subrecipients are effectively monitored.

  NIST Comment: Recipients and subrecipients are subject to the NIST MEP General Terms and Conditions, which have been updated in 2024 and 2025 to increase focus on the award requirements for the subrecipients and recipient monitoring of subrecipients. Additional language has also been added to the Annual Review to verify subrecipient monitoring by the recipient. NIST will continue to implement additional oversight protocols for recipients and subrecipients as appropriate.

- **OIG Recommendation #6**: Require award recipients to (1) certify that all subrecipients were effectively monitored to ensure compliance requirements and performance goals are met, (2) certify the accuracy of subrecipient economic impacts selected by NIST for verification, and (3) obtain supporting documentation to justify the accuracy of verified economic impacts reported.

  NIST Comment: NIST is generally in favor of requiring annual certifications relative to recipient monitoring of subrecipient compliance, performance goals and accuracy of reported economic impacts. NIST is also generally in favor of obtaining supporting documentation, as appropriate, to verify reported economic impacts. In this connection, recipients and subrecipients of NIST MEP cooperative agreements are subject to the NIST MEP General Terms and Conditions, which include provisions for post project client follow-up. This incorporates the requirement to verify any outliers identified by NIST MEP, as well as strictly prohibiting recipients and subrecipients from mandating or in any way requiring client survey responses from any MEP client.

If you have any questions, please contact Amy Egan, Audit Liaison, at (307) 975-2819 or amy.egan@nist.gov.

REPORT

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