

Report in Brief

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U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL



Why OIG Did This Audit

Approximately 80 percent of National Institutes of Health (NIH) funding goes to support research grants, including grants to foreign organizations. In Federal fiscal year (FY) 2022, NIH awarded approximately \$257 million in funding to 224 foreign grant recipients. A prior Office of Inspector General (OIG) audit of NIH, National Human Genome Research Institute, found that some foreign grant recipients did not submit a required audit report, and NIH was unaware of this omission. In addition, OIG previously identified NIH's oversight of grants to foreign applicants as a risk to the Department of Health and Human Services (HHS) in terms of meeting program goals and the appropriate use of Federal funds. NIH must effectively monitor and administer Federal awards to ensure that Federal funding is spent, and associated programs are implemented, in full accordance with statutory and public policy requirements.

Our objectives were to determine whether: (1) NIH foreign grant recipients submitted required audit reports and (2) NIH used the audit reports to monitor the grant recipients and take corrective action when necessary.

How OIG Did This Audit

NIH provided a list of all NIH foreign grant recipients during the period FY 2019 through FY 2020 (audit period). Our audit covered the 90 NIH grant recipients from the list that reported annual expenditures in excess of \$750,000 in either FY 2019 or 2020. From the group of 90 NIH grant recipients, we determined that 109 annual audit reports should have been prepared and submitted.

The National Institutes of Health Did Not Receive 81 of 109 Required Audit Reports for Foreign Grant Recipients

What OIG Found

NIH did not ensure that NIH foreign grant recipients completed and submitted required annual audit reports. NIH did not receive 81 of the 109 annual audit reports for foreign grant recipients that met the requirements for an audit and for which NIH provided the majority of HHS funding. As a result, NIH did not have information needed from the 81 annual audit reports to effectively monitor these foreign grant recipients for potential findings or recommendations noted in the audit reports. Of the 28 audit reports received by NIH, 18 did not contain any information that indicated a need for further NIH monitoring or corrective action on the part of the foreign grant recipient, and 10 contained findings that required follow-up actions by NIH and the foreign grant recipient. However, for 7 of the 10 audit reports that required follow-up actions, NIH did not follow up with a management decision letter or did not timely issue the letter.

What OIG Recommends and NIH Comments

We recommend that NIH: (1) follow up with the foreign grant recipients to confirm the 81 outstanding audits were completed, obtain the outstanding audit reports, and issue management decision letters where appropriate; (2) issue management decision letters for the two audit reports that indicated a need for increased monitoring; (3) work with HHS Audit Resolution Division officials to identify foreign grant recipients required to submit annual audit reports and address audit report submission delinquencies by NIH foreign grant recipients; and (4) develop policies and procedures to issue timely management decision letters for foreign grant recipient audit reports, with audit findings, within 6 months of the date HHS accepts the audit report package.

In written comments on our draft report, NIH concurred with all four recommendations. NIH stated that it would follow up with the foreign grant recipients to confirm the 81 outstanding audit reports were completed, obtain the reports, and issue management letters where appropriate; and increased the number of auditors assigned to determine whether the delinquent audit reports have been completed. In addition, NIH stated that it issued one of the two outstanding management decision letters and plans to complete the second management decision letter; implemented improvements in the HHS Single Audit Resource Center system to identify delinquent foreign grant recipients; and will develop policies and procedures to issue timely management decision letters. NIH plans to complete all recommendations by September 2024.