

Report in Brief

Date: June 2020

Report No. A-03-19-03004

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



Why OIG Did This Audit

The Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019, and Continuing Appropriations Act, 2019, P.L. No. 115-245, directed OIG to examine the efforts of the National Institutes of Health (NIH) to ensure the integrity of its grant application evaluation and recipient selection processes. This audit is part of OIG's response to this directive.

Our objective was to determine whether the National Cancer Institute (NCI) had adequate policies and procedures in its pre-award process for assessing risk when awarding grant funds.

How OIG Did This Audit

We obtained a list of all 7,218 extramural grant awards, totaling \$3.7 billion, that NCI made in fiscal year 2018. We interviewed NIH and NCI officials familiar with the grant award process. We obtained and reviewed NCI policies and procedures covering its grant pre-award risk assessment process.

To review the grant pre-award risk assessment process for different types of recipients and awards, we selected a nonstatistical sample of 14 grant awards, totaling \$79.8 million, intended to cover a mix of the types of research awards that NCI funds.

The National Cancer Institute Needs To Strengthen Procedures in Its Pre-Award Process To Assess Risk for Higher Risk Applicants

What OIG Found

NCI generally had adequate policies and procedures in its pre-award process for identifying an applicant's risk before awarding grant funds. However, NCI did not adequately document its review process to assess financial capability for applicants that did not receive a grant from NCI in the 3 years before the current application. In addition, NCI did not have written policies and procedures for conducting and documenting financial capability reviews required by the HHS Grants Policy Administration Manual (GPAM) for applicants that have received funding from NCI within the past 3 years and are experiencing financial difficulty. To complete its pre-award process, NCI uses an automated system that incorporates checklists used to assess risk and to document the application and review process. NCI used its checklists to assess risk for all 14 grants that we reviewed. NCI designated the recipients of 5 of these 14 grants higher risk applicants because they had not received a grant from NCI within the 3 years before the current application. NCI requires that these applicants undergo an additional review to assess financial capability. We were unable to determine how NCI Specialists conducted the review because the review was not adequately documented in the grant file.

Documentation of applicants' financial capability was lacking because NCI did not have adequate written procedures for conducting and documenting financial capability reviews and for determining how to manage identified risks. In addition, NCI did not provide adequate training to guide NCI Specialists in their evaluation of applicants' financial capability. As a result, NCI may not be identifying and mitigating all risks for applicants before grant funds are awarded.

What OIG Recommends and NIH Comments

We recommend that NIH direct NCI to (1) update and strengthen written procedures for conducting and documenting applicant financial capability reviews as required by the GPAM and for determining how to manage the risks identified by NCI Specialists and (2) provide training to NCI Specialists about how to adequately document their evaluation of the financial capability of applicants.

In written comments on our draft report, NIH partially concurred with our first recommendation and concurred with our second recommendation. NCI described its plan to strengthen its procedures and provide additional training to staff. We agree with these corrective actions.