

# Report in Brief

Date: March 2020  
Report No. A-04-19-08072



## Why OIG Did This Audit

The Grants Oversight and New Efficiency (GONE) Act, P.L. 114-117, enacted on January 28, 2016, established mandatory reporting requirements for Federal departments and inspectors general offices related to grant awards and cooperative agreements expired for 2 or more years that have not been closed out. GONE Act section 2(c) requires inspectors general of departments with greater than \$500 million in annual grant funding to conduct a risk assessment of their departments' grant closeout processes.

This risk assessment will fulfill HHS OIG responsibilities under Section 2(c) of the GONE Act. OIGs are required to report on the risk assessment by March 31, 2020.

Our objective was to conduct a risk assessment of the HHS grant closeout process to determine whether an audit of the agency's grant closeout process was warranted; specifically, we assessed the risk that HHS would not meet Federal requirements for grant closeouts.

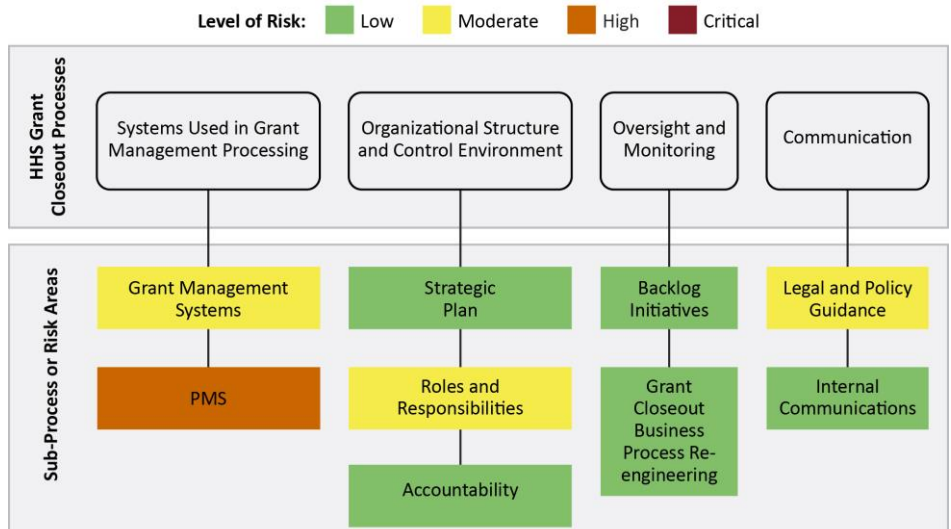
## How OIG Did This Audit

We focused our review on HHS's internal controls related to grant closeouts. We interviewed the Office of Assistant Secretary for Financial Resources (ASFR) and Operating Division (OpDiv) officials, reviewed documents, and analyzed the information provided to understand the process used to address the backlog of unclosed grants and identified actions taken and controls implemented at ASFR to prevent a recurrence of the backlog.

## Risk Assessment of HHS Grant Closeout Procedures

### What OIG Found

An audit of HHS's grant closeout process is not warranted at this time. Overall, the risk that HHS will not meet Federal requirements for grant closeouts is low. ASFR and the OpDivs have responded to the GONE Act requirements by taking significant steps to reduce the HHS-wide backlog of open but expired grants and implementing controls to address the risk of a recurrence of the backlog. Nevertheless, HHS still faces some challenges in mitigating the risks associated with grant closeouts. Overall, we identified five sub-risk areas as low risk, three as moderate risk, one as high risk, and zero as critical, as summarized in the table below.



### What OIG Recommends and ASFR Comments

We recommend that ASFR: work with Payment Management System (PMS) personnel to improve HHS OpDiv grant management offices' access to timely data; work with OpDivs to ensure that personnel are trained in how to obtain and interpret the PMS reports available to them; continue the grant remediation process to close remaining pooled accounts in PMS; work with CMS to implement an electronic grant management system for Center for Medicaid and CHIP Services and Center for Clinical Standards and Quality, assign clear roles and responsibilities related to grant closeout activities at CMCS, and clarify CMCS's ability to close out its grants; and consider revising the HHS regulation at 45 CFR § 75.381 and the *HHS Grants Policy Administrative Manual* to align closeout time limits for OpDivs with those specified in 2 CFR § 200.343. ASFR concurred with our recommendations.