

## Report in Brief

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Report No. A-05-19-00017

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 Eye Institute (NEI) had adequate policies and procedures in place for its pre-award process to assess risk when awarding grant funds.

### How OIG Did This Audit

We obtained and reviewed NEI policies and procedures covering its pre-award risk assessment process to determine whether it was complying with Federal requirements to assess risk before making an award.

We limited our review to 1,642 extramural grant awards, totaling \$610.1 million, that NEI made in fiscal year 2018.

To review the grant award process for different types of recipients and awards, we selected a non-statistical sample of six grant awards.

## The National Eye Institute Generally Had Adequate Procedures To Assess an Applicant's Risk During the Pre-Award Process

### What OIG Found

NEI generally had adequate policies and procedures in place for its grant pre-award process. However, NEI did not perform or adequately document a required financial capability review for two of the six grant awards in our sample. The HHS *Grants Policy and Administration Manual* (GPAM) requires that, before making a grant award, the awarding agency conduct a financial capability review of a grant applicant that has not received an award from a Federal agency within the preceding 3 years. As a result, not all risks for applicants may have been identified and mitigated before grant funds were awarded.

### What OIG Recommends and the National Institutes of Health Comments

We recommend that NIH direct NEI to develop written procedures for conducting and documenting the financial capability review required by the HHS GPAM and provide training to NEI Grants Management Specialists about how to adequately document their review of a grant applicant's financial statements and the organization's financial status.

In written comments on our draft report, NIH concurred with our recommendations. NIH stated that NEI's Grants Management leadership is developing Standard Operating Procedures for reviewing and documenting financial capability reviews. NIH also stated that NEI plans to provide training to Grants Management Specialists by incorporating guidance on how to adequately document the review of grant applicants' financial statements and the organization's financial status into training that is currently provided on an annual basis.