

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**THE NATIONAL INSTITUTES OF
HEALTH HAS MADE PROGRESS BUT
COULD FURTHER IMPROVE ITS
CLOSEOUT PROCESS FOR GRANTS AND
SIMILAR AWARDS**

*Inquiries about this report may be addressed to the Office of Public Affairs at
Public.Affairs@oig.hhs.gov.*



**Amy J. Frontz
Deputy Inspector General
for Audit Services**

**June 2024
A-04-23-08097**

Office of Inspector General

<https://oig.hhs.gov>

The mission of the Office of Inspector General (OIG) is to provide objective oversight to promote the economy, efficiency, effectiveness, and integrity of the Department of Health and Human Services (HHS) programs, as well as the health and welfare of the people they serve. Established by Public Law No. 95-452, as amended, OIG carries out its mission through audits, investigations, and evaluations conducted by the following operating components:

Office of Audit Services. OAS provides auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. The audits examine the performance of HHS programs, funding recipients, and contractors in carrying out their respective responsibilities and provide independent assessments of HHS programs and operations to reduce waste, abuse, and mismanagement.

Office of Evaluation and Inspections. OEI's national evaluations provide HHS, Congress, and the public with timely, useful, and reliable information on significant issues. To promote impact, OEI reports also provide practical recommendations for improving program operations.

Office of Investigations. OI's criminal, civil, and administrative investigations of fraud and misconduct related to HHS programs and operations often lead to criminal convictions, administrative sanctions, and civil monetary penalties. OI's nationwide network of investigators collaborates with the Department of Justice and other Federal, State, and local law enforcement authorities. OI works with public health entities to minimize adverse patient impacts following enforcement operations. OI also provides security and protection for the Secretary and other senior HHS officials.

Office of Counsel to the Inspector General. OCIG provides legal advice to OIG on HHS programs and OIG's internal operations. The law office also imposes exclusions and civil monetary penalties, monitors Corporate Integrity Agreements, and represents HHS's interests in False Claims Act cases. In addition, OCIG publishes advisory opinions, compliance program guidance documents, fraud alerts, and other resources regarding compliance considerations, the anti-kickback statute, and other OIG enforcement authorities.

Notices

THIS REPORT IS AVAILABLE TO THE PUBLIC
at <https://oig.hhs.gov>

Section 8M of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG website.

OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.



June 2024 | A-04-23-08097

The National Institutes of Health Has Made Progress But Could Further Improve Its Closeout Process for Grants and Similar Awards

Why OIG Did This Audit

- Effective oversight of grant funds is crucial to the success of programs designed to improve public health and well-being.
- A 2020 OIG risk assessment identified over 4,000 open but expired grants at the National Institutes of Health (NIH). In addition, an OIG audit of NIH's National Cancer Institute found that 60 percent of the closed grants sampled in Fiscal Year (FY) 2019 did not submit final reports within 120 days of the end of the period of performance, as required.
- This audit examined whether NIH followed Federal requirements in closing awards during FY 2022 and took steps to address recipient noncompliance and improve its closeout process.

What OIG Found

- NIH did not follow Federal requirements to close awards within 1 year of the period of performance end (PPE) date for 22 of the 40 awards we judgmentally selected.
- NIH did not take corrective action to report recipient noncompliance into the designated integrity and performance system, as required.
- NIH made improvements to its organizational structure, monitoring program, and control activities in its closeout process for awards.

What OIG Recommends

We recommend that NIH:

1. formalize the recently implemented Final Research and Performance Progress Report monitoring control into NIH policy;
2. facilitate timely unilateral closeout within 1 year of the PPE date by: (1) implementing a policy that requires the unilateral closeout process be completed early enough to allow for final closeout within 1 year of the PPE date, and (2) providing additional training to staff involved in the closeout process to increase staff awareness (i.e., sending monitoring reports to ICs for awards eligible for unilateral closeout);
3. create policies and procedures for reporting award recipients in SAM.gov that do not submit the required final reports within 1 year of the award PPE date; and
4. retroactively report all recipients with unilateral closeout actions in calendar year 2023 in SAM.gov.

NIH concurred with two of our recommendations and provided steps they have taken or plan to take to implement our two remaining recommendations.

TABLE OF CONTENTS

INTRODUCTION 1

 Why We Did This Audit 1

 Objective 1

 Background 1

 How We Conducted This Audit 3

FINDINGS 4

 The National Institutes of Health Did Not Follow Federal Requirements
 in Closing Awards 4

 Federal Requirements 4

 Reporting Issues Delayed Closeout of Awards 5

 NIH Did Not Always Pursue Unilateral Closeout Promptly 6

 NIH Did Not Take Corrective Action To Report Recipients in FAPIIS
 That Were Noncompliant In Submitting Required Final Reports 7

 Federal Requirements 7

 NIH Did Not Have Controls or Policies and Procedures in Place Ensuring That
 Recipients Were Reported in FAPIIS 7

 NIH Made Some Improvements to Its Organizational Structure, Monitoring Program,
 and Control Activities In Its Closeout Process for Awards 8

RECOMMENDATIONS 9

NIH COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE 9

 NIH Comments 9

 Office of Inspector General Response 10

APPENDICES

 A: Audit Scope and Methodology 11

 B: NIH Comments 13

INTRODUCTION

WHY WE DID THIS AUDIT

Effective oversight of grant funds is crucial to the success of programs designed to improve public health and well-being. A 2020 Office of Inspector General (OIG) risk assessment for the Grants Oversight and New Efficiency Act identified over 4,000 open but expired grants at the National Institutes of Health (NIH).¹ In addition, a recent OIG audit of the post-award process at NIH's National Cancer Institute found that 60 percent of the closed grants sampled in Fiscal Year (FY) 2019 did not submit final reports within 120 days of the end of the period of performance, as required.² Grant closeout is the final phase in a grant's life cycle and is a key step in ensuring that all applicable administrative actions and all required work of an award have been completed by the recipient and NIH. If recipients submit final reports late, it could indicate an issue with their ability to comply with grant requirements, including accounting for grant funds and tracking the progress and outcomes of the grant.

OBJECTIVE

Our objectives were to determine whether NIH: (1) followed Federal requirements in closing awards, and (2) took corrective action to address recipient noncompliance and improve its closeout process.

BACKGROUND

NIH is made up of 27 different components called Institutes and Centers (ICs). Each IC has a specific research agenda, often focusing on particular diseases or body systems. NIH's mission is to seek fundamental knowledge about the nature and behavior of living systems and the application of that knowledge to enhance health, lengthen life, and reduce illness and disability. NIH provides leadership and direction to programs designed to improve the health of the Nation by conducting and supporting research. NIH is the largest public funder of biomedical research in the world.

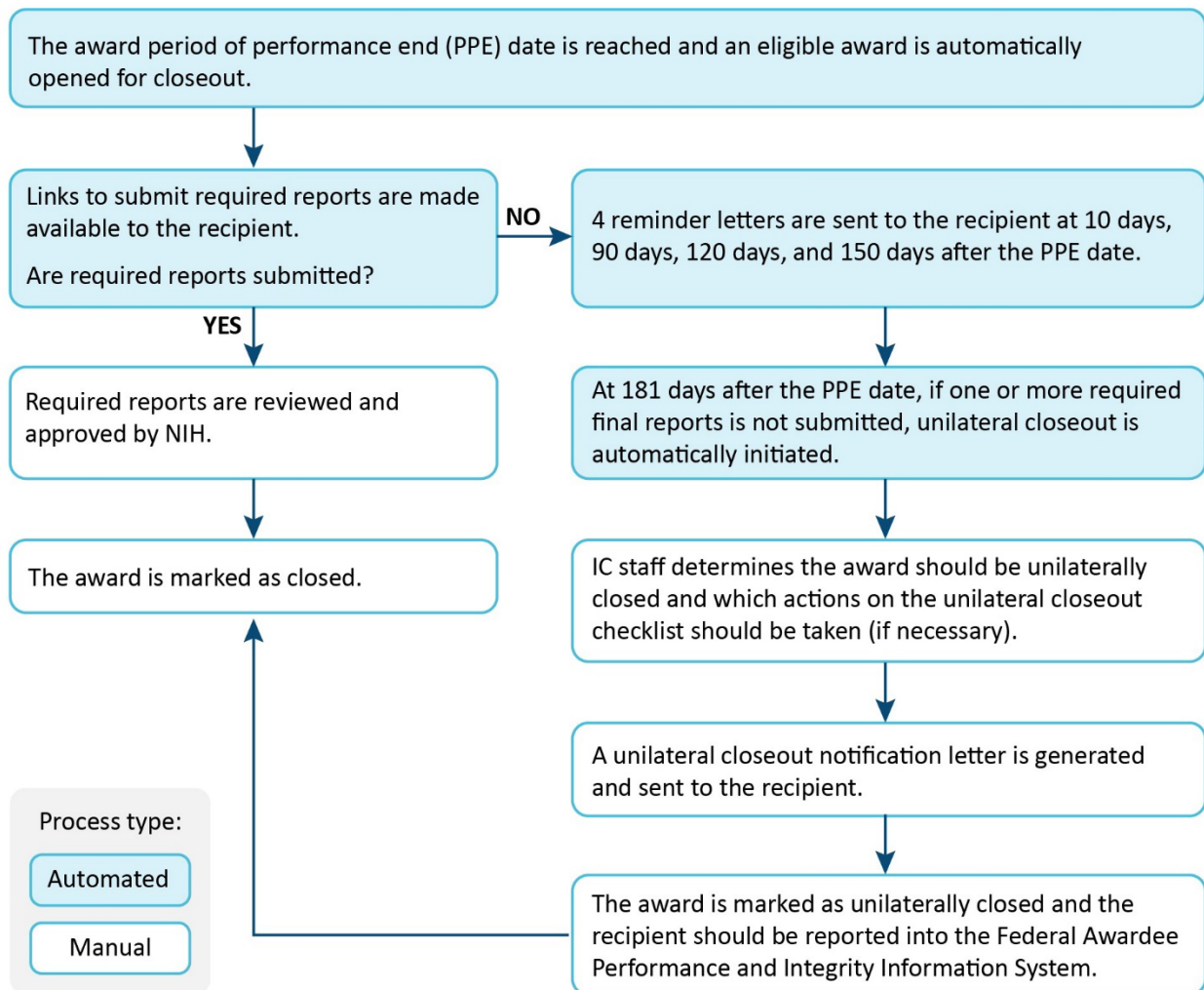
By accepting an award, recipients agree to comply with Federal requirements, including the NIH Grants Policy Statement (NIHGPS), which includes closing out awards. Closeout of an award is the process by which NIH determines that all applicable administrative actions and all required work of an award have been completed by the recipient and NIH. The closeout process is primarily a recipient's responsibility and involves the recipient submitting final reports to NIH.

¹ *Risk Assessment of HHS Grant Closeout Procedures* ([A-04-19-08072](#)) Mar. 24, 2020.

² *The National Institutes of Health Could Improve Its Post-Award Process for the Oversight and Monitoring of Grant Awards* ([A-03-20-03001](#)) Feb. 7, 2022.

Within NIH, the Office of Policy for Extramural Research Administration (OPERA) Closeout Center provides closeout services for awards. Awards are closed in NIH’s grants management system (eRA Commons) either: 1) when all final reports are received and approved, or 2) administratively by a closeout specialist within the OPERA Closeout Center when manual intervention is needed, or 3) unilaterally by NIH IC grant managers when the required final reports are not received from the recipient. The award closeout process can be summarized as follows:

Figure 1: Award Closeout Process at NIH



Timely closeout of awards ensures that Federal funds are accounted for and reduces administrative fees incurred by open accounts in the Payment Management System (PMS). Failing to meet the standard closeout requirements may adversely affect future funding decisions. Failure by recipients to correct recurring reporting problems may cause NIH to take corrective actions, such as withholding further awards, suspension, or termination. However, if the recipient does not provide timely reports, NIH may close out the award without the cooperation of the recipient using the information available to them (unilateral closeout).

HOW WE CONDUCTED THIS AUDIT

We obtained a list of 13,076 awards that were eligible for closeout during FY 2022 (audit period). These awards were either:

- closed in eRA Commons when all required reports were received and approved;
- administratively closed by a closeout specialist within the OPERA Closeout Center (manually);
- unilaterally closed by NIH IC grant managers when it did not receive the required documentation from the recipient; or
- not closed and remained open.

To review NIH's closeout process, we interviewed NIH officials familiar with the closeout process and obtained and reviewed NIH's policies and procedures covering its closeout process. We then selected a judgmental sample of 40 awards that were eligible for closeout during our audit period.³

When selecting our sample, we considered several factors, including the number of days that had passed after the award period of performance end (PPE) date, the awarding IC, the dollar amount awarded, and the type of closeout. The results of this sample should not be interpreted as reflective of all awards closed by NIH during the audit period. Instead, the judgmental sample contained awards with a higher risk of noncompliance (based on the factors above), which we examined to identify lapses in NIH's policies, procedures, and controls. We reviewed corresponding documentation for the selected awards to determine whether NIH followed closeout requirements and timely closed eligible awards.

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 to provide a reasonable basis for our findings and conclusions

³ Our audit included different types of awards made by NIH to external organizations, including grants for research, fellowships, training, and cooperative agreements.

based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix A contains details of our audit scope and methodology.

FINDINGS

With respect to our first objective, NIH did not follow Federal requirements to close awards within 1 year of the PPE date for 22 of the 40 awards we judgmentally selected. Late report submission, untimely NIH approval of required reports, issues with the unilateral closeout process, and inadequate monitoring led to these awards not being closed per Federal requirements. If awards are not closed timely, Federal funds that could be put to better use may remain obligated and recipients with a history of noncompliance may continue to receive Federal funds without additional monitoring or supplemental conditions applied to future awards.

With respect to our second objective, NIH did not take corrective action to report recipient noncompliance as required but did make some improvements to its closeout process. Specifically, NIH did not report award recipients into the Federal Awardee Performance and Integrity Information System (FAPIIS) when recipients did not submit final reports within 1 year of the PPE date. If recipients are not reported, their associated noncompliance is not available to decision makers responsible for awarding future funds. However, we found that NIH made improvements in OPERA's organizational structure by creating a new division that handles the financial activities of the closeout process. In addition, OPERA has implemented additional monitoring over the closeout process and added a control activity to notify recipients that required reports are due.

THE NATIONAL INSTITUTES OF HEALTH DID NOT FOLLOW FEDERAL REQUIREMENTS IN CLOSING AWARDS

Federal Requirements

Federal awarding agencies must close out Federal awards when they determine that all applicable administrative actions and all required work of the Federal award have been completed by the recipient (2 CFR § 200.344).⁴ Recipients must submit, no later than 120 calendar days after the PPE date, all financial, performance, and other reports as required by the terms and conditions of the Federal award (2 CFR § 200.344 (a)). Section 8.6 of the NIHGPS requires that recipients submit a Final Federal Financial Report (FFR), Final Research

⁴ NIH has implemented and follows the Federal requirements of 2 CFR part 200 (OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards) rather than the HHS-specific Federal regulations found in 45 CFR part 75 for closeout of awards.

Performance Progress Report (FRPPR), and Final Invention Statement (FIS).⁵ When a recipient or subrecipient completes all closeout requirements, the Federal awarding agency must promptly complete all closeout actions. The Federal awarding agency must make every effort to complete closeout actions no later than 1 year after the PPE date unless otherwise directed by authorizing statutes. Closeout actions include actions in the grants management and payment systems (2 CFR 200.344 (g)).

If the recipient does not submit all required reports, the Federal awarding agency must still proceed to close out with the information available within 1 year of the PPE date (2 CFR § 200.344(h)). The Grants Policy Administration Manual, Part H, Chapter 5, states that if the Operating Division does not receive acceptable final reports in a timely fashion and determines that it cannot complete a closeout with the cooperation of the recipient, it may elect to complete a unilateral closeout of the award.

Reporting Issues Delayed Closeout of Awards

Of the 40 sample awards eligible for closeout during our audit period, we determined that 22 awards were not closed within 1 year of the PPE date (closeout deadline). These 22 awards spanned a variety of award types and were not specific to any category or IC. See the table below for the range of award closeouts after 1 year of the PPE date.

Table: Awards Closed After Closeout Deadline

Range of Closeouts After 1 Year of PPE Date	Number of Sample Awards
<i>Closed less than 1 year after the closeout deadline</i>	13
<i>Closed 1–5 years after the closeout deadline</i>	6
<i>Closed more than 5 years after the closeout deadline</i>	3
Total	22

We reviewed final report submission dates and approval dates for these awards to determine if they were submitted and approved timely. When reports are not submitted or approved timely, this can lead to delays in closing out the award both administratively in eRA Commons and financially in PMS. NIH officials acknowledged that instances of systemic delays between their receipt of FRPPRs and reviews of those reports contributed to delays in closeouts during our audit period. NIH officials said these delays occurred because some reports were submitted with inaccurate or incomplete information and required corrections. In addition,

⁵ According to NIHGPS, fellowship awards do not require submission of an FFR, FRPPR, or FIS. Training grants and certain other programs do not require submission of a FIS.

they said the program officials associated with particular awards sometimes changed or departed NIH between the end of the project and the FRPPRs submission date.

For example, an award within our sample had a PPE date of December 31, 2018. Final reports were due from the recipient 120 days later, on April 30, 2019. NIH received the FRPPR from the recipient 13 days late, on May 13, 2019. The NIH program official did not approve the FRPPR until July 8, 2022—more than 3 years later. The NIH program official did not approve the FRPPR sooner because NIH did not develop an adequate monitoring system that would ensure the report was reviewed timely.

NIH officials stated that since May 2023 (after our audit period), the OPERA Closeout Center has been providing additional oversight by reviewing FRPPRs that are pending Program Official review and acceptance (received within the last 30 days) and sending these to program officials as a reminder to ensure timely review. NIH believes that this new monitoring control has addressed the issue. Although we commend NIH on implementing the new control, NIH had not formalized it into official policy, and we did not test it as part of our audit. In addition, we noted that the additional oversight implemented is a manual process. Opportunities may exist in the future to implement an automated process for ensuring that awards are closed within 1 year of the PPE date.

NIH Did Not Always Pursue Unilateral Closeout Promptly

NIH did not always complete the unilateral closeout process timely to ensure that awards with missing final reports were closed in accordance with Federal requirements. Of the 40 awards within our sample, 8 were classified as unilaterally closed. Of those 8 awards, 7 were not closed within 1 year. When a recipient does not submit the required final reports, NIH initiates a unilateral closeout process (see Figure 1 above). When an award reaches 181 days after the PPE date, the Grants Closeout Module (GCM) within eRA Commons automatically changes the status of the award to “In Unilateral Closeout.” After unilateral closeout is initiated, the individual awarding IC can make final attempts to obtain the required final reports from the recipient, but they can also close the award with the information available to them. Part of the unilateral closeout process at NIH includes the completion of a unilateral closeout checklist by the Chief Grants Management Officer (CGMO). The CGMO must consider if additional actions are appropriate and document this on the checklist. Some actions that are considered include delaying approval of pending awards, not making future awards, and designating the recipient as “high risk” for existing or future awards. NIH told the audit team that although these actions are considered part of the unilateral closeout process, no additional actions beyond unilateral closeout were taken during our audit period.

An award within our sample had a PPE date of April 30, 2021. Reports were due 120 days later, on August 28, 2021. NIH sent reminder letters to the recipient and made multiple good-faith attempts to obtain the required reports from the recipient. However, NIH still had not obtained all three required final reports as of April 30, 2022 (1 year from the PPE date). At this point, the award should have been closed per Federal requirements. However, instead of

completing the unilateral closeout process by sending a closeout letter to the recipient and finalizing the unilateral closeout checklist, NIH staff told the recipient that it could submit final reports as late as June 2022. Ultimately, NIH never received those reports from the recipient, but the extra delay meant that NIH did not unilaterally close the award until September 2, 2022 (more than 16 months after the PPE date).

These delays in completing timely unilateral closeouts occurred because staff (1) did not complete the unilateral closeout checklist closer to the 181-day post-PPE date rather than the closeout deadline of 1 year and (2) were not adequately trained to ensure unilateral closeout within 1 year when required reports were not received.

Awards left open 1 year past the PPE date and not closed with the information available using the unilateral closeout process could lead to NIH recipients with known issues of non-compliance receiving additional awards in the future without required monitoring or supplemental conditions applied to future awards.

NIH DID NOT TAKE CORRECTIVE ACTION TO REPORT RECIPIENTS IN FAPIIS THAT WERE NONCOMPLIANT IN SUBMITTING REQUIRED FINAL REPORTS

Federal Requirements

Federal requirements state that if a non-Federal entity does not submit all required reports within 1 year of the PPE date, the Federal awarding agency must report the non-Federal entity's material failure to comply with the Office of Management and Budget's (OMB's) designated integrity and performance system (2 CFR Part 200.344 (i)). OMB and the General Services Administration have established an integrity and performance system that includes government-wide data with specified information related to the integrity and performance of entities awarded Federal grants and contracts. Section 8.6 of the NIHGPS also requires that NIH report recipients' failure to comply with the terms and conditions of the award in the FAPIIS.

NIH Did Not Have Controls or Policies and Procedures in Place Ensuring That Recipients Were Reported in FAPIIS

In FY 2022, NIH unilaterally closed 38 awards, 8 of which were included in our judgmental sample and none that were reported into the FAPIIS system. During our audit, NIH officials acknowledged that they did not report all unilateral closeout actions into the FAPIIS system. We found that NIH did not have controls in place such as a tracking spreadsheet, system edit, or written policies and procedures to ensure that it was reporting award recipients into FAPIIS. NIH officials stated that they were in the process of implementing enhanced internal controls to ensure compliance with appropriate reporting going forward. Specifically, NIH designated the responsibility for FAPIIS reporting to the OPERA Division of Grants Compliance and Oversight (DGCO). In addition, NIH issued a Guide Notice in January 2024 to update the extramural community on its plans to report recipients going forward and retroactively for calendar year

2023. After our audit period, FAPIIS integrated with the System for Award Management (SAM.gov).

In addition, during our audit, NIH officials identified a user interface issue in eRA Commons that caused grant specialists to inadvertently misclassify awards as “administratively closed” rather than “unilaterally closed” when awards were closed in the system. NIH officials stated that they resolved this issue in June 2022 with an update to the GCM. Although NIH has identified the incorrect closeout classifications during our audit, NIH officials stated that they had no systematic way to identify all awards affected by this system error, which left any misclassified awards unreported in FAPIIS and incorrectly classified as “administratively closed”. NIH stated that it has resolved this issue to prevent future misclassifications.

NIH and other Federal funding entities cannot track recipients that have been delinquent in reporting and cannot effectively set additional standards for awards or implement additional actions if those entities are not reported as required.

NIH MADE SOME IMPROVEMENTS TO ITS ORGANIZATIONAL STRUCTURE, MONITORING PROGRAM, AND CONTROL ACTIVITIES IN ITS CLOSEOUT PROCESS FOR AWARDS

During our audit period, NIH made some improvements to its closeout process’ organizational structure with the addition of a new division. Previously, the Office of Financial Management, which supports NIH accounting activities, was responsible for financial closeout activities. The new process moved the financial portion of closeout into OPERA, which serves as the central office for grant management functions at NIH. This was done by creating the OPERA Federal Financial Report Reconciliation and Financial Closeout Center (OPERA FFRC). The OPERA FFRC now reviews and processes all NIH award final FFRs and performs the financial closeout action in PMS. Although OPERA previously only handled administrative closeout through its Closeout Center, it now centrally coordinates all aspects of closeout, including administrative and financial functions, which is a major improvement over its previous operations.

In addition, as mentioned above, OPERA instituted a new monitoring process where the NIH Deputy Director for Research has begun sending reminder reports to IC Directors of Extramural Activities of all FRPPRs that are pending IC review and acceptance. The OPERA Closeout Center generates this report monthly to include FRPPRs that have been in “received” status for 30 days or more. Although this additional monitoring should ensure ongoing awareness of award final reports requiring attention for closeout, these reminder reports should be included in NIH closeout policies and procedures.

Finally, NIH issued a Guide Notice in December 2023 notifying recipients that a 90-day reminder letter would be sent to recipients with outstanding required reports.⁶ NIH officials stated that this process was made effective in eRA Commons in January 2024. This new control should

⁶ This was previously recommended in *The National Institutes of Health Could Improve Its Post-Award Process for the Oversight and Monitoring of Grant Awards* ([A-03-20-03001](#)) Feb. 7, 2022.

facilitate timely submission of required reports by recipients. As such, the OIG has closed this recommendation as implemented.

In summary, NIH is making progress in its award closeout process. These improvements, and others taken after our audit period, should lead to increased compliance with Federal requirements if effectively implemented and if they achieve the intended results.

RECOMMENDATIONS

We recommend that the National Institutes of Health:

- formalize the recently implemented FRPPR monitoring control into NIH policy;
- facilitate timely unilateral closeout within 1 year of the PPE date by:
 - implementing a policy that requires the unilateral closeout process be completed early enough to allow for final closeout within 1 year of the PPE date; and
 - providing additional training to staff involved in the closeout process to increase staff awareness (i.e., sending monitoring reports to ICs for awards eligible for unilateral closeout);
- create policies and procedures for reporting award recipients in SAM.gov that do not submit the required final reports within 1 year of the award PPE date; and
- retroactively report all recipients with unilateral closeout actions in calendar year 2023 in SAM.gov.

NIH COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

In written comments on our draft report, NIH indicated it either implemented or concurred with all recommendations.

NIH Comments

NIH considered our first recommendation closed and implemented. NIH stated that the FRPPR has been incorporated into NIHGPS 8.6.2. Per NIH Staff Guidance for Final and Interim Research Performance Progress Report, the program officer is required to document acceptance of the report. If the recipient fails to submit the FRPPR timely, eRA Commons will generate a reminder letter to the recipient at 10 days, 90 days (newly added, see NOT-OD-24-047), 120 days, and 150 days after PPE date. If the required reports are not submitted timely, NIH stated it will take timely action to unilaterally close the award.

NIH considers our second recommendation closed and implemented. NIH stated that over the past year, it has been diligent in unilaterally closing awards within 1 year of the project period end date. Further, NIH stated that it plans to issue directive letters to the awarding ICs requiring them to unilaterally close awards if they do not receive all the required closeout reporting requirements timely. The letter will notify the IC that they will be considered out of compliance if they fail to take action and unilaterally close an award within 1 year of the PPE. NIH stated that it plans to provide additional training to grants management staff beginning in FY2025, which will be provided on an annual basis and updated as appropriate. In addition, the training sessions will be recorded and made available to staff for on-demand viewing.

NIH concurred with our third recommendation. NIH stated that it has revised its closeout policy to include the requirement for reporting in SAM.gov and is also updating and revising its processes. Specifically, NIH stated that it is drafting an internal compliance guidance document that outlines the timeline to report all unilateral closeout actions which will be shared with the NIH grants management community.

NIH concurred with our fourth recommendation. NIH stated that it has reported 27 of 31 recipients with unilateral closeout actions in CY 2023 to SAM.gov. Further, NIH stated that it sent a letter to each of the 27 recipients on April 11, 2024, notifying them that they had been reported. In addition, four of 31 have not been reported because of an expired Unique Entity Identifier; OPERA staff is working to submit these remaining recipients into SAM.gov. NIH stated that it expects all recipients with unilateral closeout actions in 2023 will be reported to SAM.gov by June 2024.

See Appendix B for NIH's full response. NIH also made technical comments on our draft report which were incorporated into this report where appropriate.

Office of Inspector General Response

With respect to our first recommendation, we applaud NIH's actions to improve oversight. However, we believe NIH should formalize into official policy the monitoring control in which the OPERA Closeout Center distributes reviewed FRPPRs to program officials. Accordingly, we do not consider this recommendation implemented.

With respect to our second recommendation, we agree that NIH has taken steps to improve the unilateral closeout process. Once NIH conducts the planned training, we will reassess the status of this recommendation.

With respect to our third recommendation, we agree with NIH's plan to revise its closeout processes and provide guidance to NIH grants management community.

With respect to our fourth recommendation, we agree with NIH's plan to retroactively report all recipients with unilateral closeout actions in calendar year 2023 in SAM.gov.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

We obtained a list of 13,076 awards that were eligible for closeout during FY 2022 (audit period). These awards were either:

- closed in eRA Commons when all required reports were received and approved;
- administratively closed by a closeout specialist within the OPERA Closeout Center (manually);
- unilaterally closed by NIH IC grant managers when NIH did not receive the required documentation from the recipient; or
- not closed and remained open.

We determined that a review of NIH's internal controls was significant to accomplishing our audit objective. During our audit, we did not assess the overall internal control structure of NIH. Rather, we limited our review to NIH's internal controls for compliance with award closeout requirements. To evaluate these internal controls, we reviewed standard operating procedures for award closeout and discussed with NIH any improvements and challenges to closing awards timely.

We conducted our audit, which included contacting NIH in Bethesda, Maryland, from January 2023 through February 2024.

METHODOLOGY

To accomplish our objective, we took the following steps:

- reviewed applicable Federal laws, regulations, and guidance pertaining to the award closeout process at NIH;
- reviewed NIH policies and procedures for award closeout;
- interviewed NIH personnel to gain an understanding of their process for closing out awards timely and controls over the grant management system (eRA Commons);
- obtained a list of 13,076 NIH awards eligible for closeout during FY 2022;

- selected a judgmental sample of 40 awards from the 13,076 awards that were eligible for closeout in FY 2022 based on the following criteria (factors we considered higher risk for non-compliance):
 - the number of days closed past the award PPE date,
 - the awarding IC,
 - the dollar amount awarded, and
 - the type of closeout;
- obtained the award documentation for the 40 awards in our sample and reviewed the closeout process for those awards; and
- discussed the results of our audit with NIH on February 21, 2024.

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 to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

DATE: May 1, 2024

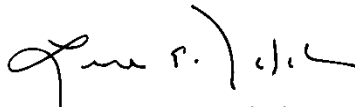
TO: Amy J. Frontz
Deputy Inspector General for Audit Services

FROM: Principal Deputy Director, National Institutes of Health

SUBJECT: NIH Comments on Draft Report, *"The National Institutes of Health Has Made Progress But Could Further Improve Its Closeout Process for Grants and Similar Awards"* (A-04-23-08097)

Attached are the National Institutes of Health's (NIH) comments on the draft Office of Inspector General's (OIG) report, *"The National Institutes of Health Has Made Progress But Could Further Improve Its Closeout Process for Grants and Similar Awards"* (A-04-23-08097).

NIH appreciates the review conducted by the OIG and the opportunity to provide clarifications on this draft report. If you have questions or concerns, please contact Tiffany Brown in the Office of Management Assessment at 301-496-2464.



Lawrence A. Tabak, D.D.S., Ph.D.

Attachment

The National Institutes of Health (NIH) appreciates the review conducted by OIG and the opportunity to provide clarifications on this draft report. NIH respectfully submits the following general comments.

OIG Recommendation 1:

We recommend that NIH formalize the recently implemented Final Research and Performance Progress Report (FRPPR) monitoring control into NIH policy.

NIH Response:

NIH considers this recommendation closed, implemented.

The Final Research and Performance Progress Report (FRPPR) has been incorporated into [NIHGPS 8.6.2](#). Per NIH Staff Guidance for Final and Interim Research Performance Progress Report (see attached), the program officer is required to document their acceptance of the report. If the recipient fails to submit the FRPPR timely, eRA will generate a reminder letter to the recipient at 10 days, 90 days (newly added, see [NOT-OD-24-047](#)), 120 days, and 150 after PPE. If the required reports are not submitted timely, NIH will, going forward, take timely action to unilaterally close the award.

OIG Recommendation 2:

We recommend that NIH facilitate timely unilateral closeout within 1 year of the PPE date by: (1) implementing a policy that requires the unilateral closeout process to allow for final closeout within 1 year of the PPE date, and (2) providing additional training to staff involved in the closeout process to increase staff awareness (i.e., sending monitoring reports to ICs for awards eligible for unilateral closeout)

NIH Response:

NIH considers this recommendation closed, implemented.

Over the past year, NIH has been diligent in unilaterally closing awards within 1 year of the project period end date. NIH will issue directive letters to the awarding Institutes/Centers requiring them to unilaterally close awards if they do not receive all the required closeout reporting requirements timely. The letter will notify the IC that they will be considered out of compliance if they fail to take action and unilaterally close an award within 1 year of the PPE. NIH will provide additional training to grants management staff beginning in FY2025 which will be provided on an annual basis and updated as appropriate. In addition, the training sessions will be recorded and made available to staff for on-demand viewing.

OIG Recommendation 3:

We recommend that NIH create policies and procedures for reporting award recipients in SAM.gov that do not submit required final reports within 1 year of the award PPE date.

NIH Response:

NIH concurs with this recommendation and considers it open. NIH has revised its closeout policy to include the requirement for reporting in [SAM.gov](https://sam.gov). As a result of updating policies, NIH is also updating/revising its processes. Specifically, NIH is drafting an internal compliance guidance document which outlines the timeline to report all unilateral closeout actions as of January 2023, and will be shared with the NIH grants management community. We will provide an update during the Statement of Action.

OIG Recommendation 4:

We recommend that NIH retroactively report all recipients with unilateral closeout actions in CY 2023 in SAM.gov

NIH Response:

NIH concurs with this recommendation and considers it open. NIH has reported 27 of 31 recipients with unilateral closeout actions in CY 2023 to SAM.gov. A letter was sent to each of the 27 recipients notifying them that they have been reported to [SAM.gov](https://sam.gov) on April 11, 2024. 4 of 31 have not been reported due to an expired UEI, and therefore, OPERA staff is working with CPARS to allow for these remaining recipients to be submitted in SAM.gov. We expect that 100% of all recipients with unilateral closeout actions in 2023 will be reported to [SAM.gov](https://sam.gov) by the June 2024.