

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**THE NATIONAL INSTITUTES OF
HEALTH SUBMITTED OIG CLEARANCE
DOCUMENTS FOR JUST OVER
ONE-HALF OF ITS AUDIT
RECOMMENDATIONS, AND THE
REMAINING 225 RECOMMENDATIONS
WERE UNRESOLVED AS OF
SEPTEMBER 30, 2016**

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Amy J. Frontz
Deputy Inspector General
for Audit Services

January 2020
A-07-19-03236

Office of Inspector General

<https://oig.hhs.gov/>

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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.

Report in Brief

Date: January 2020

Report No. A-07-19-03236

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



Why OIG Did This Audit

HHS, National Institutes of Health (NIH), is subject to Federal audits of its internal activities as well as Federal and non-Federal audits of activities performed by its grantees and contractors. As a followup to these audits, NIH is responsible for resolving Federal and non-Federal audit report recommendations related to its activities, grantees, and contractors within 6 months after formal receipt of the audit reports. HHS, OIG, prepares and forwards to NIH monthly stewardship reports that show the status of these reported audit recommendations.

Our objectives were to determine whether NIH resolved audit recommendations in a timely manner during Federal fiscal years (FYs) 2015 and 2016 and to identify all unresolved audit recommendations that were due for resolution as of September 30, 2016.

How OIG Did This Audit

We reviewed the “Outstanding Audits and Actions Taken by Cognizance” stewardship reports to identify all outstanding audit recommendations that NIH resolved during FYs 2015 and 2016, as well as all outstanding recommendations that remained unresolved and were due for resolution as of September 30, 2016. These stewardship reports identified 226 audit reports and 487 corresponding recommendations.

The National Institutes of Health Submitted OIG Clearance Documents for Just Over One-Half of Its Audit Recommendations, and the Remaining 225 Recommendations Were Unresolved as of September 30, 2016

What OIG Found

NIH did not always resolve audit recommendations in a timely manner during FYs 2015 and 2016. Specifically, NIH resolved 262 of the 487 audit recommendations that were outstanding during FYs 2015 and 2016. However, it did not resolve 166 of the 262 recommendations (63.4 percent) within the required 6-month resolution period. In addition, as of September 30, 2016, NIH had not resolved 225 audit recommendations that were past due for resolution. These 225 recommendations were procedural and did not involve dollar amounts such as recommended disallowances.

NIH had some policies and procedures in place; these included references to the Federal criteria that require resolution of audit recommendations within 6 months of the audit report’s issue date. However, those policies and procedures did not differentiate between issuing a management decision (and submitting a related clearance document) within the required 6-month resolution period and proceeding with corrective action as rapidly as possible. According to NIH officials, NIH believed that audit resolution timeframe requirements called for recommendations to be resolved and corrective action implemented within the 6-month period. Therefore, NIH did not submit the clearance documents until both of those actions had been completed, so submission was not always in a timely manner.

What OIG Recommends and NIH Comments

We recommend that NIH update its policies and procedures related to the audit resolution process, to include issuing management decisions and submitting related clearance documents to OIG—regardless of whether any corrective action has yet been taken—within the required 6-month resolution period and promptly resolve the 225 outstanding audit recommendations that were past due as of September 30, 2016.

NIH concurred with both of our recommendations and described corrective actions that it had taken or planned to take. NIH stated that it would update its procedures to include issuing management decisions and submitting clearance documents within the required 6-month resolution period and that it would work toward resolving the backlog of outstanding recommendations.

TABLE OF CONTENTS

INTRODUCTION	1
Why We Did This Audit	1
Objectives.....	1
Background	1
Federal Audits	2
Non-Federal Single Audits.....	2
Federal Requirements Regarding Timeliness of Audit Resolution	3
NIH’s Audit Resolution Process.....	3
Stewardship Reports.....	4
How We Conducted This Audit	4
FINDINGS.....	5
Federal Requirements	5
NIH Did Not Always Resolve Audit Recommendations in Accordance With Federal Timeframe Requirements	6
NIH Did Not Always Resolve Audit Recommendations in a Timely Manner	6
NIH Had Some Recommendations That Were Unresolved and Due for Resolution	7
NIH Based Its Policies and Procedures on a Different Interpretation of Federal Timeframe Requirements	8
NIH Runs the Risk of Noncompliance With Federal Requirements and Mismanagement of Federal Funds	8
RECOMMENDATIONS	8
NIH COMMENTS.....	8
APPENDICES	
A: Audit Scope and Methodology	10
B: Previously Issued Office of Inspector General Reports	12
C: NIH Comments	14

INTRODUCTION

WHY WE DID THIS AUDIT

The U.S. Department of Health and Human Services (HHS), National Institutes of Health (NIH), is subject to Federal audits of its internal activities as well as Federal and non-Federal audits of activities performed by its grantees and contractors. These audits ensure that recipients of Federal awards have complied with applicable Federal requirements related to management and use of funds.¹ As a followup to these audits, NIH is responsible for resolving Federal and non-Federal audit report recommendations related to its activities, grantees, and contractors within 6 months after formal receipt of the audit reports. The HHS Office of Inspector General (OIG) prepares and forwards to NIH monthly stewardship reports that show the status of these reported audit recommendations.

In keeping with our mission of helping to safeguard HHS funds, we focused in this audit on the timeliness of NIH's audit resolution process. This process includes, in response to each Federal and non-Federal audit report on NIH's internal activities or on activities performed by NIH's grantees and contractors, the issuance of a management decision and the submission of an OIG clearance document (OCD) to OIG within the required 6-month period.² We are not reviewing the actual corrective actions taken by NIH.

OBJECTIVES

Our objectives were to determine whether NIH resolved audit recommendations in a timely manner during Federal fiscal years (FYs) 2015 and 2016 and to identify all unresolved audit recommendations that were due for resolution as of September 30, 2016.

BACKGROUND

Within HHS, NIH is the agency that is responsible for the Nation's medical and behavioral research. Its mission is to seek fundamental knowledge about the nature and behavior of living systems and to apply that knowledge to enhance health, lengthen life, and reduce illness and disability.

¹ See Appendix B for a list of related reports.

² In this context, the term "management decision" refers to the evaluation by the cognizant HHS operating division's (OpDiv's) management of the audit findings and corrective action plan and the issuance of a written decision as to what corrective action is necessary. The OpDiv's management uses an OCD to report to OIG the management decision and actions taken on recommendations; OIG then uses the OCD as the source document to clear recommendations from the stewardship report.

Federal Audits

Section 4(a) of the Inspector General Act of 1978 (5 U.S.C. App.), as amended, directs OIG to conduct audits of agency programs and activities. Under this authority, OIG conducts audits of internal NIH activities, as well as activities performed by NIH grantees and contractors. These audits are intended to provide independent assessments of NIH programs and operations and to help promote economy and efficiency. OIG uses its own resources to conduct audits in accordance with generally accepted government auditing standards (GAGAS) and oversees audit work conducted by independent auditors.

Non-Federal Single Audits

Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*,³ requires that non-Federal entities (such as NIH grantees) that expend \$500,000⁴ or more in Federal awards in a year⁵ have a Single Audit or program-specific audit (also referred to as an “A-133 audit”), pursuant to the provisions of OMB Circular A-133, Subpart B, __.200.⁶ These A-133 audits, conducted by independent auditors, are conducted in accordance with GAGAS and OMB Circular A-133. These audits include an examination of the entity’s financial records and financial statements, testing of the entity’s internal controls, and a review of the entity’s compliance with requirements related to expenditures of selected Federal awards. The final audit report contains comments from the entity, including corrective actions planned or taken to address the findings.

Audited entities transmit their final A-133 audit reports to the Federal Audit Clearinghouse (FAC).⁷ In turn, OIG, National External Audit Review Center (NEAR), receives A-133 audit reports from the FAC. NEAR performs a desk review of each A-133 audit report that contains findings related to direct HHS funding to determine whether there are any issues with the

³ This circular was made applicable by HHS regulations at 45 CFR § 74.26(a). The circular was relocated to 2 CFR part 230. (HHS has promulgated new grant regulations and cost principles at 45 CFR part 75 that apply to awards made on or after December 26, 2014.) None of the audits in our review were subject to the new rule, as they were of awards made prior to that date.

⁴ The expenditure level for Federal awards was raised to \$750,000 for FYs beginning on or after December 26, 2014 (45 CFR § 75.501(a)).

⁵ Some State and local governments that are required by constitution or statute that was in effect January 1, 1987, to be audited less frequently than annually are permitted to undergo audits biennially. Nonprofit organizations are also allowed to have biennial audits under certain conditions (OMB Circular A-133, § _____.220).

⁶ Commercial entities that met the \$500,000 threshold during the audit period could elect to conduct either an A-133 audit or a financial-related audit (45 CFR § 74.26(d)(i)).

⁷ The FAC operates on behalf of OMB to disseminate A-133 audit reports to Federal agencies.

report and whether the report meets GAGAS and OMB Circular A-133 requirements.⁸ NEAR prepares a transmittal letter and attachment that summarize the audit findings and recommendations and that identify the Federal agency responsible for resolution (cognizant Federal agency). NEAR then distributes the transmittal letter and attachment to the grantee and the cognizant Federal agency.

Federal Requirements Regarding Timeliness of Audit Resolution

In resolving Federal audit recommendations, NIH must comply with OMB Circular A-50, *Audit Followup*, which requires resolution of audit recommendations within a maximum of 6 months after issuance of a final audit report. In resolving non-Federal audit recommendations, NIH must comply with OMB Circular A-133 for audits of grantees that received awards in FYs beginning prior to December 26, 2014, and with 45 CFR § 75.521(d) for audits of grantees that received awards in FYs beginning on or after that date.⁹ OMB Circular A-133 requires resolution within 6 months after receipt of the final report by the Federal Government, and 45 CFR § 75.521(d) requires resolution within 6 months of acceptance of the audit report by the FAC.

NIH's Audit Resolution Process

NIH's *Outside Audit Reviews and Follow-Up* policy manual, dated July 2011 (the Manual), provides the policies and procedures for NIH to follow in resolving Federal audits. The Manual states that NIH is committed to preparing prompt, responsive, and constructive corrective actions in response to OIG audit report findings and recommendations, in accordance with OMB Circular A-50 (the Manual § E). NIH's Office of the Director, Office of Management, Office of Management Assessment, is responsible for tracking outside audit reviews, establishing and maintaining an audit followup system to facilitate prompt and proper resolution and implementation, preparing appropriate documentation for OIG, and responding to OIG regarding audit resolution progress (the Manual § F). NIH prepares a management decision letter to report its concurrence and corrective actions on audit recommendations to OIG (the Manual Appendix A).¹⁰

NIH's *Audits and Investigations of Contractors and Grantees by Outside Organizations* policy manual, dated February 2002 (the Policy), provides the policies and procedures for NIH to

⁸ After our audit period, HHS made significant changes to the roles and responsibilities for processing Single Audits. Effective October 1, 2018, the Office of the Assistant Secretary for Financial Resources within HHS, Office of the Secretary, took over the responsibility from NEAR for assigning the audit recommendations from Single Audit reports to the HHS OpDiv responsible for resolution. NEAR maintained the desk review function, but instead of reviewing all Single Audit reports with findings, NEAR began on that date to use a risk-based approach to identify selected audit reports to review.

⁹ See footnote 2. Although none of the audits in this review were subject to 45 CFR part 75, we included the relevant provision from the current regulation in this report to support the validity of our recommendations.

¹⁰ The Manual does not apply to reviews initiated by the OIG, Office of Investigations, or by the U.S. Government Accountability Office, Forensic Audits and Special Investigations Team (the Manual § A).

follow in resolving non-Federal audits. The Policy states that NIH, Division of Financial Advisory Services, is responsible for resolving or participating in the resolution of audit findings and advising OIG of the actions taken and the status of unresolved findings. NIH's Associate Director for Administration is responsible for approving the resolution of monetary findings, and NIH's Head of the Contracting Activity is responsible for approving the resolution of all other findings (the Policy § C). Part of NIH's management controls include reviewing the monthly stewardship report from OIG to monitor audit resolution (the Policy § E). Although the Policy does not specifically mention the 6-month resolution timeframe requirements, it does list as one of its references OMB Circular A-50, which contains those requirements (the Policy § B).

Stewardship Reports

The OIG Audit Planning and Implementation group prepares and forwards to NIH (and other HHS OpDivs as appropriate) monthly stewardship reports on the status of audit recommendations reported in Federal and non-Federal audits. These reports identify all audit reports and corresponding recommendations issued for the selected period and provide the management decisions and the date of that action, or indicate that no action has as yet been taken.

HOW WE CONDUCTED THIS AUDIT

We reviewed the "Outstanding Audits and Actions Taken by Cognizance" stewardship reports to identify all outstanding audit recommendations that NIH resolved during FYs 2015 and 2016, as well as all outstanding audit recommendations that remained unresolved and were due for resolution as of September 30, 2016. These stewardship reports identified 226 audit reports and 487 corresponding recommendations.¹¹ The issuance dates for these audit reports ranged from December 29, 2009, through April 1, 2016.

We did not review NIH's overall internal control structure. Rather, we reviewed only those internal controls related to our objective.

We conducted this performance audit in accordance with GAGAS. 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.

Appendix A describes our audit scope and methodology.

¹¹ Of the 226 audit reports and 487 corresponding recommendations identified in these stewardship reports, 3 were Federal audit reports that had a total of 32 corresponding recommendations, while 223 were non-Federal audit reports that had a total of 455 corresponding recommendations.

FINDINGS

NIH did not always resolve audit recommendations in a timely manner during FYs 2015 and 2016. Specifically, NIH resolved 262 of the 487 audit recommendations that were outstanding during FYs 2015 and 2016. However, it did not resolve 166 of the 262 recommendations (63.4 percent) within the required 6-month resolution period. In addition, as of September 30, 2016, NIH had not resolved 225 audit recommendations that were past due for resolution. These 225 past-due recommendations were procedural in nature and involved policies and procedures and internal controls; none of them involved dollar amounts such as recommended disallowances.

NIH had some policies and procedures in place for audit resolution, and those policies and procedures included references to the Federal criteria that require resolution of audit recommendations within 6 months of the audit report's issue date. However, those policies and procedures did not differentiate between issuing a management decision (and submitting a related OCD) within the required 6-month resolution period and proceeding with corrective action as rapidly as possible.

According to NIH officials, NIH believed that audit resolution timeframe requirements called for recommendations to be resolved and corrective action implemented within the 6-month period. Therefore, these officials stated, NIH did not submit the related OCDs to OIG until both of those actions had been completed, and because of this, NIH did not always submit OCDs in a timely manner.

Without the issuance of a management decision and the submission of an OCD to OIG within the required 6-month period, regardless of whether any corrective action has yet been taken, (1) OIG cannot be assured that the management decision was made in a timely manner and (2) NIH runs the risk of noncompliance with Federal requirements and mismanagement of Federal funds. The prompt resolution of audit recommendations helps ensure that Federal funds are effectively and efficiently used to carry out the activities for which they were authorized.

FEDERAL REQUIREMENTS

In resolving Federal audit recommendations, NIH must comply with OMB Circular A-50. In resolving non-Federal audit recommendations, NIH must comply with OMB Circular A-133 for audits of grantees that received awards in FYs beginning prior to December 26, 2014, and with 45 CFR § 75.521(d) for audits of grantees that received awards in FYs beginning on or after that date (footnote 2).

OMB guidance requires "prompt resolution and corrective actions on audit recommendations. Resolution shall be made within a maximum of six months after issuance of a final report or, in the case of audits performed by non-Federal auditors, six months after receipt of the report by

the Federal Government. Corrective action should proceed as rapidly as possible” (OMB Circular A-50, § 8.a.(2)).

OMB guidance states: “The entity responsible for making the management decision shall do so within six months of receipt of the [non-Federal] audit report. Corrective action should be initiated within six months after receipt of the audit report and proceed as rapidly as possible” (OMB Circular A-133, §____.405(d)).

Federal regulations provide the following management decision time requirements: “The HHS awarding agency or pass-through entity responsible for issuing a management decision must do so within six months of acceptance of the audit report by the FAC. The auditee must initiate and proceed with corrective action as rapidly as possible and corrective action should begin no later than upon receipt of the audit report” (45 CFR § 75.521(d)).

NIH DID NOT ALWAYS RESOLVE AUDIT RECOMMENDATIONS IN ACCORDANCE WITH FEDERAL TIMEFRAME REQUIREMENTS

NIH Did Not Always Resolve Audit Recommendations in a Timely Manner

NIH did not always resolve audit recommendations in a timely manner during FYs 2015 and 2016. Of the 262 audit recommendations that NIH resolved during FYs 2015 and 2016, 96 (36.6 percent) were resolved within the required 6-month resolution period, but 166 (63.4 percent) were not resolved within that period.¹² Table 1 on the following page shows the timeframes for resolving these recommendations.

¹² All 96 of the recommendations that NIH resolved in a timely manner were conveyed in non-Federal audit reports. Of the 166 recommendations that were not resolved in a timely manner, 32 were conveyed in Federal audit reports, and 134 were conveyed in non-Federal audit reports.

Table 1: Timeliness of Audit Recommendations Resolved in FYs 2015 and 2016

Timeframe To Resolve Recommendation	Number of Resolved Recommendations	Percentage of Total
Within 6-month resolution period	96	36.6%
Not resolved within 6-month resolution period:		
6+ months to 1 year	152	58.0%
1+ year to 2 years	7	2.7%
2+ years to 3 years	0	0.0%
3+ years to 4 years	7	2.7%
4+ years to 5 years	0	0.0%
5+ years	0	0.0%
Subtotal (not resolved within 6-month resolution period)	166	63.4%
Total	262	100.0%

NIH Had Some Recommendations That Were Unresolved and Due for Resolution

As of September 30, 2016, NIH had not resolved 225 audit recommendations (of the 487 outstanding recommendations for FYs 2015 and 2016) that were past due for resolution. These 225 past-due recommendations were procedural in nature and typically involved policies and procedures and internal controls; none of them involved dollar amounts such as recommended disallowances. Table 2 below presents information on the timeframes for the past-due recommendations.¹³

Table 2: Unresolved Audit Recommendations Past Due for Resolution as of September 30, 2016

Timeframe Beyond Required Resolution Date	Number of Recommendations	Percentage of Total Recommendations	Average Days Beyond Required Resolution Date
6+ months to 1 year	45	20.0%	135.4
1+ year to 2 years	85	37.8%	556.0
2+ years to 3 years	50	22.2%	917.0
3+ years to 4 years	13	5.8%	1,266.5
4+ years to 5 years	15	6.7%	1,640.9
5+ years	17	7.5%	1,919.1
Total	225	100.0%	

¹³ All 225 audit recommendations that were unresolved and past due for resolution were conveyed in non-Federal audit reports.

NIH BASED ITS POLICIES AND PROCEDURES ON A DIFFERENT INTERPRETATION OF FEDERAL TIMEFRAME REQUIREMENTS

NIH had some policies and procedures in place for audit resolution, and those policies and procedures included references to the Federal criteria that require resolution of audit recommendations within 6 months of the audit report's issue date. However, those policies and procedures did not differentiate between issuing a management decision (and submitting a related OCD) within the required 6-month resolution period and proceeding with corrective action as rapidly as possible.

According to NIH officials, NIH believed that audit resolution timeframe requirements called for recommendations to be resolved and corrective action implemented within the 6-month period. Therefore, these officials stated, NIH did not submit the related OCDs to OIG until both of those actions had been completed, and because of this, NIH did not always submit OCDs in a timely manner.

NIH RUNS THE RISK OF NONCOMPLIANCE WITH FEDERAL REQUIREMENTS AND MISMANAGEMENT OF FEDERAL FUNDS

Without the issuance of a management decision and the submission of an OCD to OIG within the required 6-month period, regardless of whether any corrective action has yet been taken, (1) OIG cannot be assured that the management decision was made in a timely manner and (2) NIH runs the risk of noncompliance with Federal requirements and mismanagement of Federal funds. The prompt resolution of audit recommendations helps ensure that Federal funds are effectively and efficiently used to carry out the activities for which they were authorized.

RECOMMENDATIONS

We recommend that the National Institutes of Health:

- update its policies and procedures related to the audit resolution process, to include issuing management decisions and submitting related OCDs to OIG—regardless of whether any corrective action has yet been taken—within the required 6-month resolution period in accordance with Federal requirements and OIG policy and
- promptly resolve the 225 outstanding audit recommendations that were past due as of September 30, 2016.

NIH COMMENTS

In written comments on our draft report, NIH concurred with both of our recommendations and described corrective actions that it had taken or planned to take. NIH stated that it would update its audit resolution procedures to include issuing management decisions and submitting

related OCDs to OIG within the required 6-month resolution period. NIH also stated that it would work toward complying with the required 6-month resolution period and resolving the backlog of 225 outstanding audit recommendations.

NIH also provided technical comments, which we considered as appropriate. NIH's comments, excluding technical comments, are included as Appendix C.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

We reviewed the “Outstanding Audits and Actions Taken by Cognizance” stewardship reports to identify all outstanding audit recommendations that NIH resolved during FYs 2015 and 2016, as well as all outstanding audit recommendations that remained unresolved and were due for resolution as of September 30, 2016. These stewardship reports identified 226 audit reports and 487 corresponding recommendations (footnote 9). The issuance dates for these audit reports ranged from December 29, 2009, through April 1, 2016.

We did not review NIH’s overall internal control structure. Rather, we reviewed only those internal controls related to our objectives.

We conducted our audit work from March to September 2019.

METHODOLOGY

To accomplish our objectives, we:

- reviewed applicable sections of OMB Circulars A-50 and A-133, HHS regulations at 45 CFR part 75, and other applicable Federal requirements;
- reviewed NIH’s policies and procedures for resolving audit recommendations and performed a walkthrough of the process;
- interviewed NIH’s staff and reviewed documentation provided by NIH officials;
- obtained NIH’s “Outstanding Audits and Actions Taken by Cognizance” stewardship reports for our audit period and used them to:
 - identify the total number of recommendations that were resolved timely or untimely by:
 - including only the recommendations that had the “management decision” data field populated (which indicated that a management decision had been made) and that had a decision date (i.e., the date that NIH issued the OCD) that fell within our audit period of FYs 2015 and 2016 and

- quantifying the timeframe it took to resolve those recommendations by calculating the number of days between the issued date and the decision date;¹⁴
 - quantify the total number of recommendations that were unresolved and beyond the required resolution period by:
 - including only the recommendations that had no decision date documented or that had a decision date that was after our audit period (indicating that a management decision had not been made as of the end of our audit period) and
 - quantifying the timeframe beyond the required resolution date for those recommendations by calculating the number of days between the required resolution date and the last day of our audit period (September 30, 2016); and
 - determine whether there were any dollar amounts associated with any unresolved recommendations that were beyond the required resolution period as of September 30, 2016; and
- discussed the results of our audit with NIH officials on September 16, 2019.

We conducted this performance audit in accordance with GAGAS. 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.

¹⁴ To determine whether a management decision was issued timely for a Federal audit, we reviewed the time period between the date that OIG issued the audit report and the date that NIH issued the management decision. To determine whether a management decision was issued timely for a non-Federal audit, we reviewed the time period between the date that NEAR assigned the Single Audit finding(s) to NIH and the date that NIH issued the management decision. Both the date that OIG issued the audit report and the date that NEAR assigned the Single Audit finding(s) are reported on the stewardship report in the “issued date” data field.

**APPENDIX B: PREVIOUSLY ISSUED
OFFICE OF INSPECTOR GENERAL REPORTS**

Report Title	Report Number	Date Issued
<i>The Food and Drug Administration Did Not Submit Clearance Documents for Any Audit Recommendations During Fiscal Years 2015 and 2016 but Has Since Made Significant Progress</i>	<u>A-07-18-03231</u>	8/20/2019
<i>The Health Resources and Services Administration Resolved All of Its Audit Recommendations, With Over 99 Percent Resolved in Accordance With Federal Timeliness Requirements</i>	<u>A-07-19-03235</u>	8/15/2019
<i>The Substance Abuse and Mental Health Services Administration Resolved Approximately One-Third of Its Audit Recommendations, None in Accordance With Federal Timeframe Requirements</i>	<u>A-07-19-03233</u>	7/18/2019
<i>Although the Administration for Community Living Resolved Nearly All Audit Recommendations, It Did Not Always Do So in Accordance With Federal Timeframe Requirements</i>	<u>A-07-18-03232</u>	4/1/2019
<i>Although the Centers for Disease Control and Prevention Resolved Nearly All Audit Recommendations, It Did Not Always Do So in Accordance With Federal Timeframe Requirements</i>	<u>A-07-17-03226</u>	2/25/2019
<i>Although the Centers for Medicare & Medicaid Services Has Made Progress, It Did Not Always Resolve Audit Recommendations in Accordance With Federal Requirements</i>	<u>A-07-18-03228</u>	1/15/2019
<i>The Indian Health Service Did Not Always Resolve Audit Recommendations in Accordance With Federal Requirements</i>	<u>A-07-17-03227</u>	9/24/2018
<i>The Administration for Children and Families Did Not Always Resolve Audit Recommendations in Accordance With Federal Requirements</i>	<u>A-07-17-03225</u>	7/2/2018
<i>Review of the Centers for Disease Control and Prevention's Resolution of Audit Recommendations</i>	<u>A-07-09-03131</u>	5/26/2010
<i>Administration for Children and Families Resolution of Audit Recommendations</i>	<u>A-07-09-03118</u>	10/28/2009
<i>Centers for Medicare & Medicaid Services Resolution of Audit Recommendations</i>	<u>A-07-07-04112</u>	11/19/2008
<i>Indian Health Service's Resolution of Audit Recommendations</i>	<u>A-07-06-03077</u>	3/9/2007

Report Title	Report Number	Date Issued
<i>Administration on Aging's Resolution of Audit Recommendations</i>	<u>A-07-06-03084</u>	2/21/2007
<i>Food and Drug Administration's Resolution of Audit Recommendations</i>	<u>A-07-06-03083</u>	2/15/2007



National Institutes of Health
Bethesda, Maryland 20892

DATE: December 17, 2019

TO: Gloria L. Jarmon
Deputy Inspector General for Audit Services, HHS

FROM: Director, NIH

SUBJECT: NIH Comments to the Draft Report, *The National Institutes of Health Submitted OIG Clearance Documents for Just Over One-Half of Its Audit Recommendations, and the Remaining 225 Recommendations Were Unresolved as of September 30, 2016* (A-07-19-03236)

Attached are the National Institutes of Health's comments on the draft Office of Inspector General (OIG) report, *The National Institutes of Health Submitted OIG Clearance Documents for Just Over One-Half of Its Audit Recommendations, and the Remaining 225 Recommendations Were Unresolved as of September 30, 2016* (A-07-19-03236).

NIH appreciates the review conducted by OIG and the opportunity to provide clarifications on this draft report. If you have questions or concerns, please contact Meredith Stein in the Office of Management Assessment at 301-402-8482.

/s/ Francis S. Collins, M.D., Ph.D.

Francis S. Collins, M.D., Ph.D.

Attachments

GENERAL COMMENTS FROM THE DEPARTMENT OF HEALTH & HUMAN SERVICES ON THE OIG's DRAFT REPORT ENTITLED THE NATIONAL INSTITUTES OF HEALTH SUBMITTED OIG CLEARANCE DOCUMENTS FOR JUST OVER ONE-HALF OF ITS AUDIT RECOMMENDATIONS, AND THE REMAINING 225 RECOMMENDATIONS WERE UNRESOLVED AS OF SEPTEMBER 30, 2016, A-07-19-03236.

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:

Update its policies and procedures related to the audit resolution process, to include issuing management decisions and submitting related OIG Clearance Documents (OCDs) to OIG—regardless of whether any corrective action has yet been taken—within the required 6-month resolution period in accordance with Federal requirements and OIG policy.

NIH Response:

NIH concurs with OIG's finding and corresponding recommendation.

Discussions with OIG identified a difference of interpretation between the agencies around the term "resolved." NIH uses the term to indicate completing recommendations then submitting an OCD to close them. OIG defines as issuance of the Management Decision to the recipient and receipt of the OCD within 6 months, regardless of completion. These interpretations resulted in miscommunication with OIG and led NIH to send an OCD only after all recommendations had been fully implemented.

The NIH Office of Management Assessment (OMA) is responsible for resolving Federal audits of NIH internal activities. On November 7, 2019, OMA revised and implemented Audit Resolution procedures to submit OCDs to the OIG within the 6-month resolution period.

The NIH Division of Financial Advisory Services (DFAS) is responsible for resolving audit recommendations of activities performed by its grantees and contractors. DFAS will revise its Audit Resolution Manual by March 31, 2020. DFAS will closely monitor the status of audit findings that remain unresolved after the OCD has been issued within 6 months to NIH senior management and the HHS OIG.

OIG Recommendation 2:

Promptly resolve the 225 outstanding audit recommendations that were past due as of September 30, 2016.

NIH Response:

NIH concurs with OIG's finding and corresponding recommendation. DFAS will continue to work towards complying with the required 6-month resolution period and resolving the backlog of 225 outstanding audit recommendations. DFAS will work with the OIG to reconcile the OIG stewardship reports to the DFAS internal audit tracking and monitoring system. In addition,

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DFAS is realigning the workflow and responsibilities to prioritize and place greater emphasis on audit resolution.