



## HHS-OIG Strategic Plan

# Safeguarding the Integrity of HHS Grants and Contracts

October 2024



## *Our* **Mission**

To provide objective oversight to promote the economy, efficiency, effectiveness, and integrity of Department of Health and Human Services (HHS) programs and the health and welfare of the people they serve.

## *Our* **Vision**

To drive positive change in HHS programs and in the lives of the people served by these programs.

## *Our* **Values**

To be impactful, innovative, and people-focused.



## A Message From Christi A. Grimm, Inspector General

Through the awarding of grants and contracts, the Department of Health and Human Services (HHS) delivers public health and human services throughout the United States. HHS award recipients include States, territories, Tribes, community organizations, educational institutions, and businesses. In fiscal year 2023, HHS spent upwards of \$179 billion on more than 196,000 of these awards.

This substantial and diffuse investment of taxpayer dollars aims to provide quality care and early education for children; foster breakthrough research for new medical treatments; protect the Nation from health threats; facilitate access to health services; and support healthy, resilient communities, among many other objectives. The importance of achieving these objectives, which are so critical to HHS's mission to advance the health and well-being of all Americans, underscores the urgency of ensuring that the grants and contracts HHS funds efficiently and effectively serve their intended purposes.

HHS Office of Inspector General (OIG) has spotlighted gaps in HHS oversight of grants and contracts—gaps that allow HHS funds to be misspent, programs to fall short of their promise, and people to be put at risk. Examples include a Substance Abuse and Mental Health Services Administration grant diverted by a bad actor from youth substance abuse prevention to personal use; management of large dollar Food and Drug Administration and National Institutes of Health information technology contracts falling short of meeting Federal requirements; and lapses in Administration for Children and Families awardees' safety checks for unaccompanied children.

Safeguarding the integrity of grants and contracts remains a significant challenge for HHS and is a priority area for OIG oversight. Now is the time to focus OIG efforts to help seal gaps in the oversight of HHS awards.

I am pleased to share the OIG strategic plan for safeguarding the integrity of HHS grants and contracts. This plan harnesses skills and expertise across OIG to strengthen compliance with HHS award requirements; promote award practices that achieve program outcomes; and mitigate fraud, waste, abuse, and mismanagement. The focused oversight described in this plan will help ensure that the American public realizes the greatest benefits from its substantial investment in HHS's grants and contracts.

# Introduction

The Department of Health and Human Services (HHS) is the largest grant-making agency and fourth-largest contracting agency in the Federal Government. In fiscal year 2023, HHS (excluding the Centers for Medicare & Medicaid Services) awarded approximately \$148 billion in grants and cooperative agreements (hereinafter referred to collectively as “grants”) and \$31 billion in contracts to fund a broad and diverse portfolio of more than 100 programs.

During this period, HHS awarded approximately 142,000 grants and 54,000 contracts to recipients and contractors (hereinafter referred to collectively as “awardees”), including States, Tribes, research institutions, community organizations, and for-profit businesses. Grants and contracts are at the core of how HHS delivers programs and services to meet its mission.

The Office of Inspector General (OIG) has identified several risks related to how HHS grants and contracts are administered. Fraudsters can exploit these risks for personal or financial gain, especially when awardees lack robust financial systems and internal controls for tracking Federal program expenditures. OIG must hold awarding agencies, recipients, subrecipients, and contractors accountable for ensuring that HHS grants and contracts are used in accordance with Federal requirements and that HHS programs effectively and efficiently serve the people who depend on them. Without vigorous oversight and accountability, funds may be wasted, poor performers may not be held accountable, program requirements may not be met, and programs may fall short of reaching objectives and outcomes.

OIG has developed a strategic plan to advance oversight of HHS grants and contracts. This strategic plan encompasses three underlying goals: (1) strengthen compliance with requirements throughout the grants and contracts life cycle; (2) promote award practices that achieve program outcomes; and (3) enhance public trust in HHS awards by mitigating fraud, waste, abuse, and mismanagement.

Effective implementation of this strategic plan will require OIG to conduct rigorous oversight to identify improperly managed HHS awards, misspent funds, and health and safety risks. At the same time, OIG will need to leverage tools and resources, including data and advanced analytics, to effectively implement the strategic plan. OIG’s strategic plan to safeguard the integrity of HHS grants and contracts will improve stewardship of Federal funds, promote equitable access to programs and services, and facilitate better oversight.



# Grants and Contracts Life Cycle

Grants and contracts progress through a life cycle that includes four major stages: pre-award, award, post-award, and closeout. The grants and contracts life cycle presents a framework in which unique risks and vulnerabilities exist within each stage that may be evaluated and addressed across a highly diverse set of HHS public health and human services programs and awardees. OIG promotes robust oversight during the life cycle to support the performance of those awardees responsible for complying with award requirements; achieving program outcomes; and reducing fraud, waste, abuse, and mismanagement.



## Pre-Award

The pre-award stage includes developing and announcing funding opportunities and solicitations, reviewing and assessing prospective awardees, and making funding and award decisions. To develop funding and contracting opportunities in alignment with statutory requirements, HHS establishes program priorities, goals, timelines, award types, and available resources. HHS may advertise applications for funding and contract opportunities tailored to address a program mission or requirement. Once the application or solicitation period has closed, HHS must review and assess applications and proposals. This involves reviewing the applications and proposals for completeness and technical merit, analyzing proposed budgets, and determining which applications and proposals best meet program goals and timelines with the available resources. If an applicant received a prior award, the awarding agency should consider past performance as part of the assessment. After reviewing applications or proposals, HHS selects which applicants receive an award.

Risks associated with the pre-award stage can include: (1) awarding agencies not assessing applications or proposals fairly and thoroughly; (2) reviewers failing to comply with the Federal Acquisition Regulation (FAR), HHS regulations, or policies and procedures; and (3) applicants seeking awards they are ineligible to receive or making financial arrangements to steer awards in their favor.

Focus areas for oversight may include evaluating the awarding agency's policies and procedures used to award grants and contracts and examining an awarding agency's compliance with requirements for reviewing and assessing applications and proposals and selecting applicants.

## Award

The award stage consists of the development and execution of an award agreement or its renewal and the obligation of funds. Agencies enter into agreements with awardees that include specific terms and conditions, reporting requirements, and performance metrics. It is important for HHS to negotiate and structure awards to protect the interests of the Government. Without strong award stage protocols, HHS risks funding awardees that cannot meet award objectives.

Rigorous scrutiny should be applied to how awardees are fulfilling their agreements and prioritizing compliance reviews that evaluate programmatic requirements and financial integrity. By effectively managing the award stage, HHS and its programs can efficiently utilize public resources to meet award objectives.

Focus areas for oversight may include examining the awarding agency's processes for developing, negotiating, and executing award agreements, as well as reviewing how well agreements contribute to agencies meeting programmatic goals.

## Post-Award

The post-award stage includes all aspects of award management after an award is made and prior to award closeout. During this stage, the awardee is tasked with accomplishing the objectives of the grant or contract, such as providing services to the population of interest or delivering a product. HHS Operating and Staffing Divisions are responsible for reviewing financial and progress reports, invoices, and deliverables; conducting oversight of awardee performance; and providing technical assistance in the case of grants. In the post-award stage, grant and contract awards are at risk of misuse due to inefficiency, the claiming of unallowable expenditures, or fraud, as well as failing to meet grant or contract objectives through poor performance or inadequate quality of services.

Focus areas for oversight may include assessing monitoring activities, reviewing awardee performance, evaluating program effectiveness, including whether deliverables and services were received, and detecting fraud.

## Closeout

Closeout is the final stage in the grants and contracts life cycle and is a key step in ensuring that awardees and awarding agencies have completed all applicable administrative and contract actions and requirements. The closeout stage includes ensuring that award objectives are met, costs are allowable, excess funds are deobligated, final reports are submitted and approved, and the award file is complete. It is important that awards are closed out in a timely manner, Federal funds are accounted for, and administrative costs incurred by leaving accounts open are minimized. Suspension or termination of an award should be considered when awardees fail to meet closeout requirements.

Focus areas for oversight may include evaluating the awarding agency's process for award closeout, identifying challenges preventing timely award closeout, and assessing subsequent corrective actions to address awardee noncompliance.



# Goals and Objectives

HHS uses grants and contracts as funding mechanisms to implement national health and human service programs. OIG's oversight and enforcement efforts seek to safeguard the financial and program integrity of HHS grants and contracts. To address the risks associated with managing grants and contracts, OIG has developed three strategic goals: (1) strengthen compliance with requirements throughout the grants and contracts life cycle; (2) promote award practices that achieve program outcomes; and (3) enhance public trust in HHS awards by mitigating fraud, waste, abuse, and mismanagement.

## 1. Strengthen compliance with requirements throughout the grants and contracts life cycle

Compliance with requirements for awarding and managing Federal dollars has been a longstanding challenge for HHS. Providing effective oversight and internal controls are essential for assuring taxpayers that Federal funds are properly awarded, awardees are eligible, and Federal dollars are used as intended and in accordance with applicable laws and regulations. Throughout the grants and contracts life cycle, appropriate stewardship of HHS funds requires awarding agencies and awardees to comply with the terms and conditions, rules, and regulations of each award. Without strong internal controls that foster compliance with award requirements, Federal funds may be misspent, health and safety may be placed at risk, programs may fail to meet their goals, and public trust in HHS programs may be compromised.

### Objective A

**Ensure that awarding agencies and awardees are complying with requirements for grants and contracts.**

OIG work routinely identifies opportunities for HHS to improve its compliance with overarching Federal regulations, such as the Uniform Guidance and the FAR, statutory requirements, agency rules for awards, and award conditions. For awarding agencies and awardees, compliance with award requirements is critical to program integrity and safeguarding Federal funds.

### Objective B

**Improve grant monitoring of subrecipient activities and reporting through enhanced oversight.**

HHS award recipients may allocate portions of their funding to subrecipients to accomplish program objectives, including directly providing services intended to improve health and well-being. OIG identifies risks with managing and monitoring of subrecipients, as well as opportunities to improve subrecipient compliance. Without appropriate risk assessment, monitoring, and reporting of subrecipient activity, recipients may miss indicators of risk that can threaten the financial integrity and quality of their programs and services.

### Examples of current and completed work

OIG is examining whether recipients of [public health crisis response awards](#) used award funds according to Federal requirements and award terms and conditions.

OIG found that the National Institutes of Health (NIH) did not routinely meet [Federal single audit requirements](#) for extramural grants and separately found that [NIH did not effectively monitor](#) awards and subawards to oversee foreign research.

OIG examined the Food and Drug Administration's contract closeout process and found [it did not always identify contracts eligible for closeout](#) or close contracts in a timely manner.

## 2. Promote award practices that achieve program outcomes

HHS uses grants and contracts to implement programs and provide public health and human services infrastructure throughout our Nation. The effective implementation of these awards is essential for HHS to meet its mission. Through its oversight work, OIG strives to ensure that awardees have processes and practices in place that support the prudent use of resources to achieve program outcomes.

### Objective A

**Support quality, safety, and equity in HHS programs.**

Through targeted oversight reviews, OIG promotes quality, safety, and equity in HHS's delivery of public health and human services programs. Strong award management practices during the life cycle enable grants and contracts to achieve their purpose. HHS grant and contract awards have wide-ranging deliverables, including strengthening equitable access to high-quality and affordable health care, expanding opportunities to help children and youth thrive within their families and communities, supporting increased independence and quality of life for older adults, and accelerating advancements in science and research. Through its oversight activities, OIG helps to identify opportunities for HHS to enhance the effectiveness of its programs.

### Objective B

**Prevent, detect, and correct performance issues.**

OIG routinely uncovers vulnerabilities and gaps in the awarding and management of Federal funds and highlights opportunities for HHS to better identify and mitigate these problems. When programs are not operating as intended, desired outcomes may not be accomplished. OIG uses data analytics to identify early indicators of risk related to challenges in program implementation and conducts reviews to identify issues with award agreements, such as unclear performance measures and nonspecific deliverables. In addition, OIG identifies weaknesses affecting HHS and its awardees by detecting performance issues, such as lack of documentation for meeting performance measures and accounting for expenditures. By adopting practices that prevent performance issues and working with awardees to identify and remediate performance problems in a timely manner, HHS is better positioned to succeed in achieving its award objectives.

### Examples of current and completed work

OIG is conducting a [two-phase evaluation](#) to assess the Indian Health Service's capacity to administer and oversee \$3.5 billion in supplemental funding for much needed sanitation projects.

OIG found gaps in [sponsor screening and post-release followup](#) that raise safety concerns for unaccompanied children.

OIG examined recipients' [compliance with nondiscrimination laws](#) and found that additional steps can be taken, such as specifying that States should consider these laws when developing crisis standards of care.



### 3. Enhance public trust in HHS awards by mitigating fraud, waste, abuse, and mismanagement

OIG's oversight helps ensure that HHS awards are not stolen by fraudsters or misused. By identifying and holding accountable awardees engaged in fraud, waste, abuse, or mismanagement, OIG endeavors to safeguard Federal funds and enhance public trust. OIG also conducts training and outreach to help educate program officials and awardees on how to prevent and report fraud, waste, abuse, and mismanagement.

#### Objective A

**Ensure accountability through program oversight, enforcement actions, and remedies.**

Enforcing accountability ensures that HHS grant and contract awards are protected and deters fraud, waste, abuse, and mismanagement. An increased focus on detecting fraud, waste, abuse, and mismanagement within HHS grant and contract awards will allow OIG to direct resources to the highest risk areas and implement appropriate strategies to ensure accountability. OIG leverages a range of mechanisms to enforce accountability, including criminal, civil, and administrative actions; suspension and debarment referrals; and followup of unimplemented recommendations.

#### Objective B

**Protect HHS awards through training and outreach.**

OIG's efforts to protect HHS awards include proactive measures to minimize or mitigate fraud, waste, abuse, and mismanagement before it happens by conducting training and outreach to HHS and its awardees. Through audits, evaluations, data analytics, and investigations, OIG identifies risks in how HHS and its awardees manage awards. OIG utilizes its insight to develop training and outreach to highlight these risks and promote the implementation or strengthening of internal controls to help ensure HHS and awardees appropriately manage and use HHS funds.

#### Examples of current and completed work

OIG is conducting a review of [HHS's Program Support Center and Payment Management Services](#) to determine whether the Payment Management System was designed and is operating with effective policies, procedures, and cybersecurity controls.

A subrecipient [agreed to pay \\$500,000](#) for participating in a scheme to forge signatures of community leaders on Federal grant applications and divert Federal funds intended to combat youth substance abuse for personal use.

OIG offers an online [compliance training series](#) that provides information and tools to help ensure that health care providers serving American Indian/Alaska Native communities provide quality services in compliance with applicable statutes, regulations, and programs requirements.



# About the Office of Inspector General

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.

### **OIG Public Hotline (for reporting fraud):**

**Website:** <https://oig.hhs.gov/fraud/report-fraud/>

**Phone:** (800) 447-8477

**TTY (for hearing impaired):** (800) 377-4950




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