

REPORT HIGHLIGHTS



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CMS Put \$11.2 Billion at Risk of Fraud, Waste, and Abuse by Not Properly Closing Contracts

Why OIG Did This Audit

- In Fiscal Year 2023, HHS executed \$38.5 billion in contracting actions, with [CMS](#) accounting for \$7.4 billion, or 19 percent.
- The closeout process is an important internal control in the contract lifecycle, because it is generally the last opportunity for the Government to detect and recover improper payments. Prior OIG work has identified issues with HHS contract closeout processes and procedures that are required after a contracting officer receives evidence of a completed contract.
- This audit determined whether CMS closed contracts in accordance with administrative closeout requirements.

What OIG Found

CMS did not close selected contracts according to Federal requirements. For the 50 contracts we selected for review, totaling \$11.2 billion, that were eligible for closeout between October 1, 2018, and September 30, 2023, CMS did not meet one or more administrative closeout requirements. At the conclusion of our audit, 12 contracts totaling \$2.1 billion were overdue for closeout.

What OIG Recommends

We made two recommendations to CMS, including that it completes the administrative closeout requirements for the 12 contracts, totaling \$2.1 billion, that remain overdue for closeout, and that it develops policies and procedures that clearly define documentation requirements, roles and responsibilities, and alternative procedures to ensure contracts are closed timely. The full recommendations are in the report.

CMS concurred with our recommendations and described actions it has taken and plans to take to implement them.