



MAR 17 2009

**TO:** Marcia Brand, Ph.D.  
Acting Administrator  
Health Resources and Services Administration

**FROM:** Daniel R. Levinson *Daniel R. Levinson*  
Inspector General

**SUBJECT:** Review of Health Resources and Services Administration Grant Closeout Procedures (A-02-07-02008)

The attached final report provides the results of our review of the Health Resources and Services Administration (HRSA) grant closeout procedures. Pursuant to Federal regulations and policy, HRSA is required, as a general matter, to close grants within 180 days after the end of the grant period (the cutoff date).

Within HRSA, the Division of Grants Management Operations (grants office) of the Office of Federal Assistance Management administers mandatory and most discretionary grants, and the Bureau of Health Professions (scholarship office) administers a number of grant programs, including scholarship grants. The Administration for Children and Families (ACF) assists the grants office in closing mandatory and discretionary grants. Within the Program Support Center, the Division of Financial Operations (DFO) is responsible for recording grant activity on the HRSA general ledger, and the Division of Payment Management (DPM) is responsible for recording grant activity in the Payment Management System (payment system) and closing grants after receiving closeout instructions from ACF or DFO. For a grant to be closed in the payment system, the grant award, expenditure, and drawdown amounts must be equal.

Our objective was to determine why HRSA grants identified by DPM as eligible for closeout as of December 31, 2006, were not closed in the payment system by the cutoff dates.

The 3,184 grants identified by DPM as eligible for closeout as of December 31, 2006, which had unexpended balances totaling more than \$173 million, were not closed in the payment system by the cutoff dates for several reasons:

- For 2,831 mandatory and discretionary grants, the grants office did not initiate closeout because of a staffing shortage. Closeout of the remaining 70 mandatory and discretionary grants was initiated but not completed primarily because of differences among the grant award, expenditure, and drawdown amounts in the payment system.

- For 243 scholarship grants, the scholarship office did not initiate closeout because it had no closeout procedures. Closeout of the remaining 40 scholarship grants was initiated but not completed because the grant amounts were not in balance in the payment system.

The grants office did not adhere to its written follow-up procedures, and the scholarship office and DFO had no follow-up procedures, to determine whether DPM had actually closed grants for which closeout was initiated.

We recommend that HRSA use the information in this report to ensure that grants are closed in a timely manner and to eliminate the backlog of grants eligible for closeout.

In its comments on our draft report, HRSA described actions that it had taken or planned to take to implement our recommendation.

Pursuant to the Freedom of Information Act, 5 U.S.C. § 552, Office of Inspector General reports generally are made available to the public to the extent that information in the report is not subject to exemptions in the Act. Accordingly, this report will be posted on the Internet at <http://oig.hhs.gov>.

Please send us your final management decision, including any action plan, as appropriate, within 60 days. If you have any questions or comments about this report, please do not hesitate to call me, or your staff may contact Joseph J. Green, Assistant Inspector General for Financial Management and Regional Operations, at (202) 619-1157 or through e-mail at [Joe.Green@oig.hhs.gov](mailto:Joe.Green@oig.hhs.gov). Please refer to report number A-02-07-02008 in all correspondence.

Attachment

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**REVIEW OF HEALTH RESOURCES  
AND SERVICES ADMINISTRATION  
GRANT CLOSEOUT PROCEDURES**



Daniel R. Levinson  
Inspector General

March 2009  
A-02-07-02008

# *Office of Inspector General*

<http://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.

## **EXECUTIVE SUMMARY**

### **BACKGROUND**

Two divisions of the Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), are responsible for administering HRSA grants. The Division of Grants Management Operations (grants office) of the Office of Federal Assistance Management administers mandatory grants and most discretionary grants. The Bureau of Health Professions (scholarship office) administers a number of grant programs, including scholarship grants. These offices are responsible for recording grant activity in the Electronic Handbooks (grants management system). The HHS Administration for Children and Families (ACF) assists the grants office in closing mandatory and discretionary grants.

Within the HHS Program Support Center, the Division of Financial Operations (DFO) is responsible for recording grant activity on the HRSA general ledger, and the Division of Payment Management (DPM) is responsible for recording grant activity in the Payment Management System (payment system) and closing grants after receiving closeout instructions from ACF or DFO.

Pursuant to Federal regulations and policy, HRSA is required, as a general matter, to close grants within 180 days after the end of the grant period (the cutoff date). For a grant to be closed in the payment system, the grant award, expenditure, and drawdown amounts must be equal.

### **OBJECTIVE**

Our objective was to determine why HRSA grants identified by DPM as eligible for closeout as of December 31, 2006, were not closed in the payment system by the cutoff dates.

### **SUMMARY OF FINDINGS**

The 3,184 grants identified by DPM as eligible for closeout as of December 31, 2006, which had unexpended balances totaling more than \$173 million, were not closed in the payment system by the cutoff dates for several reasons:

- For 2,831 mandatory and discretionary grants, the grants office did not initiate closeout because of a staffing shortage. Closeout of the remaining 70 mandatory and discretionary grants was initiated but not completed primarily because of differences among the grant award, expenditure, and drawdown amounts in the payment system.
- For 243 scholarship grants, the scholarship office did not initiate closeout because it had no closeout procedures. Closeout of the remaining 40 scholarship grants was initiated but not completed because the grant amounts were not in balance in the payment system.

The grants office did not adhere to its written follow-up procedures, and the scholarship office and DFO had no follow-up procedures, to determine whether DPM had actually closed grants for which closeout was initiated.

## **RECOMMENDATION**

We recommend that HRSA use the information in this report to ensure that grants are closed in a timely manner and to eliminate the backlog of grants eligible for closeout.

## **HEALTH RESOURCES AND SERVICES ADMINISTRATION COMMENTS**

In its comments on our draft report, HRSA described actions that it had taken or planned to take to implement our recommendation. HRSA's comments are included as Appendix B.

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## INTRODUCTION

### BACKGROUND

Two divisions of the Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), are responsible for administering HRSA grants. The Division of Grants Management Operations (grants office) of the Office of Federal Assistance Management administers mandatory grants<sup>1</sup> and most discretionary grants.<sup>2</sup> The Bureau of Health Professions (scholarship office) administers a number of grant programs, including scholarship grants.<sup>3</sup> These offices are responsible for recording grant activity in the Electronic Handbooks (grants management system). The HHS Administration for Children and Families (ACF) assists the grants office in closing mandatory and discretionary grants and is responsible for maintaining all HRSA grant activity in the Grants Administration Tracking and Evaluation System (GATES).

Within the HHS Program Support Center, the Division of Financial Operations (DFO) is responsible for recording grant activity on the HRSA general ledger, and the Division of Payment Management (DPM) is responsible for recording grant activity in the Payment Management System (payment system) and closing grants after receiving closeout instructions from ACF or DFO.

### Regulations and Departmental Policies Governing Grant Closeout

Pursuant to 45 CFR § 92.50(a), which applies to most HHS grants to State and local governments, Federal agencies are required to close out the grant award when “all applicable administrative actions and all required work of the grant has been completed.” Under 45 CFR § 92.50(b), grantees are required to submit all financial, performance, and other required reports within 90 days after the expiration or termination of the grant. The Federal agency may extend these reporting deadlines upon request. After receiving these reports, the Federal agency must make all adjustments to allowable costs within 90 days (45 CFR § 92.50(c)). Similar regulatory requirements at 45 CFR § 74.71 apply to the closeout of HHS grants awarded to nonprofit organizations. Therefore, HRSA generally must close grants within 180 days after the end of the

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<sup>1</sup>Mandatory grants statutorily require a Federal agency to award funds “if the recipient (usually a State) submits an acceptable State Plan or application and meets the eligibility and compliance requirements of the statutory and regulatory provisions of the grant program. Mandatory grants include open-ended entitlement grants, closed-ended grants, and block grants” (HHS Grants Policy Directive (GPD) 1.02). An example of a HRSA mandatory grant program is the Maternal and Child Health Services program.

<sup>2</sup>Discretionary grants are awarded under programs that permit HRSA, in accordance with legislation, to exercise judgment in approving the project, project period, budget period, grantee, and award amount (GPD 1.02). An example of a HRSA discretionary grant program is the Ryan White Title II Grants Program.

<sup>3</sup>Scholarship grants are competitive, often need-based discretionary grants awarded to applicants who are enrolled in health-professions-related programs. An example of a HRSA scholarship grant program is the National Health Service Corps Scholarship Program.

grant period (referred to as the “cutoff date” in this report).<sup>4</sup> We recognize that there may be certain instances in which HRSA, in accordance with regulatory requirements or policy guidance, may need to take further administrative actions that would prevent the closing of a specific grant within 180 days.

## **Grant Life Cycle**

At the inception of a grant, the grants office or scholarship office issues a Notice of Grant Award or Financial Assistance Award to the grantee; establishes the grant award in the grants management system; and transmits the grant award information through GATES to DFO, which establishes the grant on the HRSA general ledger. DFO then transmits the grant award information to DPM, which establishes the grant in the payment system.

The grantee draws down funds from the payment system electronically and reports expenditures to DPM as well as to the grants office or scholarship office. Regardless of whether the grantee maintains expenditure data on the cash or accrual basis of accounting, for block grant awards,<sup>5</sup> DPM automatically records expenditures that equal drawdowns when the grantee requests funds. For non-block-grant awards, the grantee is required to send DPM a quarterly cash-basis report of expenditures, the PSC-272. Pursuant to 45 CFR §§ 74.71 and 92.50, the grantee also must report final grant expenditures to the grants office or scholarship office within 90 days after the end of the grant period so that the grant can be closed.

For a grant to be closed in the payment system, the award, expenditure, and drawdown amounts must be equal. After receiving a closeout code, DPM’s practice is to leave the grant open for up to one quarter until it receives the final PSC-272 from the grantee. If the grant award, expenditure, and drawdown amounts remain in balance after the grantee submits the PSC-272 and if the closeout code is the final transaction on the grant, the grant automatically closes in the payment system.

## **Grants Office Closeout Process**

According to written procedures for the closeout of grants,<sup>6</sup> the grants office adjusts the grant award in the grants management system to match the final expenditure data received from the grantee. If the grants office does not receive the final expenditure data from the grantee, the grants office adjusts the grant award in the grants management system to match the final

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<sup>4</sup>GPD 4.02.B.1.d interprets 45 CFR §§ 92.50 and 74.71 to require that grants generally be closed within 180 days of the end of the grant support. Although the specific closeout process described in this GPD applies only to discretionary grants (and the GPD governing mandatory grants has not yet been issued), the 180-day cutoff date referred to in GPD 4.02.B.1.d is an interpretation of regulations that apply to both mandatory and discretionary grants.

<sup>5</sup>Block grants are mandatory grants that typically are awarded to States or local governing agencies with minimal Federal administrative restrictions so that grantees are free to target resources to meet the needs of their citizens (GPD 1.02). An example of a block grant is the Maternal and Child Health Program.

<sup>6</sup>The grants office provided us with written procedures dated September 30, 2007, and titled “Grants Management Cycle Memo” and told us that the office had followed these procedures since approximately 2003.

expenditure data reported to DPM by the grantee. The grants office then transmits the adjustment through GATES to DFO and DPM. The grants office also reconciles the grant activity in the grants management system to the grant activity in the payment system and resolves any differences by contacting the grantee.

On a quarterly basis, DPM provides the grants office a report listing grants that DPM considers to be eligible for closeout. The grants office uses this report to create a file of grants to be closed and submits this file to ACF, which enters the information in GATES. The closeout information is then electronically submitted to DFO and DPM so that the grants can be closed on the HRSA general ledger and in the payment system. The grants office determines whether these grants have been closed in the payment system by examining DPM's next quarterly report of grants eligible for closeout. If one of these grants appears on the next quarterly report, the grants office follows up with DPM to determine why the grant did not close and what actions are needed to close the grant.

### **Scholarship Office Closeout Process**

As of December 31, 2006, the scholarship office lacked written procedures for closing grants. Although the scholarship office had procedures to obtain final expenditure data from grantees, it did not have procedures to close grants on the general ledger or in the payment system.

### **Division of Financial Operations Closeout Process**

DFO does not have written procedures for closing grants. However, on a quarterly basis, DFO attempts to close grants that DPM has identified as eligible for closeout. To close a grant, DFO adjusts the grant award on the HRSA general ledger and electronically submits the adjustment to DPM, which makes the award and expenditures equal in the payment system. Although DFO does not reconcile the grant activity in the grants management system to the grant activity in the payment system, it does close the grant on the HRSA general ledger. DFO then electronically submits a closeout code to DPM so that the grant can be closed in the payment system.

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

### **Objective**

Our objective was to determine why HRSA grants identified by DPM as eligible for closeout as of December 31, 2006, were not closed in the payment system by the cutoff dates.

### **Scope**

Our audit covered 3,184 HRSA grants with unexpended balances totaling \$173,965,915 that, as of December 31, 2006, had not been closed in the payment system by the cutoff dates.<sup>7</sup> We did not perform an indepth review of the internal control structure of HRSA, ACF, DFO, or DPM. Instead, we gained an understanding of HRSA, ACF, DFO, and DPM procedures related to grant

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<sup>7</sup>Unexpended balances represent the difference between the grant award and expenditure amounts in the payment system.

closeout. We also did not determine whether grantees had submitted final financial reports to the grants office or the scholarship office within 90 days after the end of the grant period.

We performed our fieldwork at HRSA and DPM headquarters in Rockville, Maryland.

## **Methodology**

To accomplish our objective, we:

- reviewed relevant Federal laws, regulations, and guidance;
- gained an understanding of the roles of the grants office, scholarship office, ACF, DFO, and DPM in the grant closeout process;
- obtained a file of 3,726 HRSA grants with unexpended balances totaling \$188,866,448 that DPM had identified as eligible for closeout as of December 31, 2006;
- eliminated from the file:
  - 158 grants that, as of December 31, 2006, had not been open past the cutoff dates,
  - 159 grants that were no longer administered by HRSA, and
  - 206 loans and 19 contracts that were outside the scope of this review;
- identified a population of 3,184 grants (2,901 mandatory and discretionary grants and 283 scholarship grants<sup>8</sup>) with unexpended balances totaling \$173,965,915 that, as of December 31, 2006, had not been closed in the payment system by the cutoff dates;
- determined how long each of the 3,184 grants remained open in the payment system after the cutoff date; and
- selected a judgmental sample of 29 of the 2,901 mandatory and discretionary grants, representing \$68,386,517 (40 percent) of the total unexpended grant balances, to determine whether the grants office followed its written procedures for the closeout of grants.

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 objective.

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<sup>8</sup>Our population of grants administered by the scholarship office included only scholarship grants.

## FINDINGS AND RECOMMENDATION

The 3,184 grants identified by DPM as eligible for closeout as of December 31, 2006, which had unexpended balances totaling \$173,965,915, were not closed in the payment system by the cutoff dates for several reasons:

- For 2,831 mandatory and discretionary grants, the grants office did not initiate closeout because of a staffing shortage. Closeout of the remaining 70 mandatory and discretionary grants was initiated but not completed primarily because of differences among the grant award, expenditure, and drawdown amounts in the payment system.
- For 243 scholarship grants, the scholarship office did not initiate closeout because it had no closeout procedures. Closeout of the remaining 40 scholarship grants was initiated but not completed because the grant amounts were not in balance in the payment system.<sup>9</sup>

The grants office did not adhere to its written follow-up procedures, and the scholarship office and DFO had no follow-up procedures, to determine whether DPM had actually closed grants for which closeout was initiated.

Appendix A contains details on the number of days that grants remained open after the cutoff dates.

### MANDATORY AND DISCRETIONARY GRANTS

Table 1 shows that closeout of 2,831 of the 2,901 mandatory and discretionary grants administered by the grants office was not initiated and that closeout of the remaining 70 grants was initiated but not completed.

**Table 1: Mandatory and Discretionary Grant Closeout Actions**

<b>Closeout Action</b>	<b>No. of Grants</b>	<b>Unexpended Balance</b>
Closeout not initiated	2,831	\$167,035,287
Closeout initiated but not completed	70	2,976,070
<b>Total</b>	<b>2,901</b>	<b>\$170,011,357</b>

#### Closeout of Grants Not Initiated

Neither the grants office nor DFO initiated closeout of 2,831 mandatory and discretionary grants with unexpended balances totaling \$167,035,287. Grants office officials told us that they did not initiate closeout because of a staffing shortage, which caused a backlog of grants awaiting closeout. As of December 31, 2006, the grants had been open for an average of 658 days beyond the cutoff dates.

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<sup>9</sup>We could not determine who initiated closeout of the 40 scholarship grants.

For example, for one sampled grant for which the grant period ended May 31, 2005, the grants office received the grantee’s final expenditure data but did not adjust the grant award. The grants office did not reconcile the grant activity in the grants management system to the grant activity in the payment system. As shown in Table 2, as of December 31, 2006, the grant award, expenditure, and drawdown amounts in the payment system were not equal.

**Table 2: Payment System Balances for Sampled Grant**

<b>Grant Award</b>	<b>Expenditures</b>	<b>Drawdowns</b>
\$4,786,838.81	\$3,096,188.14	\$3,096,263.34

**Closeout of Grants Initiated but Not Completed**

The grants office or DFO initiated closeout of 70 mandatory and discretionary grants with unexpended balances totaling \$2,976,070. However, the grants remained open in the payment system for an average of 932 days beyond the cutoff dates. Because the grants office did not adhere to its written follow-up procedures and because DFO had no follow-up procedures, they did not know whether DPM had actually closed the grants.

- DPM did not close 68 grants with unexpended balances totaling \$2,976,070 because the grant award, expenditure, and drawdown amounts in the payment system were not equal. In some cases, the differences were less than \$1. As of December 31, 2006, these grants had been open in the payment system for an average of 953 days beyond the cutoff dates.
- DPM did not close two grants with no unexpended balances because the closeout code was not the final transaction in the payment system. As of December 31, 2006, these grants had been open in the payment system for an average of 201 days beyond the cutoff dates.

For example, for one sampled grant for which the grant period ended March 31, 2004, the grants office did not receive final expenditure data from the grantee because the grantee no longer had the grant data on file. Therefore, the grants office did not deobligate the grant award to match expenditures. DFO initiated closeout on March 3, 2006, even though the grant award, expenditure, and drawdown amounts in the payment system differed. (See Table 3.) As of December 31, 2006, the grant had been open in the payment system for 825 days beyond the cutoff date.

**Table 3: Payment System Balances for Sampled Grant**

<b>Grant Award</b>	<b>Expenditures</b>	<b>Drawdowns</b>
\$14,990,009.00	\$14,749,937.95	\$14,750,096.70

Subsequent to our review, the grants office deobligated the grant award by \$240,071.05 to match the expenditure data in the payment system. On October 6, 2007, the grant was in balance and closed in the payment system.

## SCHOLARSHIP GRANTS

Table 4 shows that closeout of 243 scholarship grants was not initiated and that closeout of the remaining 40 scholarship grants was initiated but not completed.

**Table 4: Scholarship Grant Closeout Actions**

<b>Closeout Action</b>	<b>No. of Grants</b>	<b>Unexpended Balance</b>
Closeout not initiated	243	\$3,609,508
Closeout initiated but not completed	40	345,050
<b>Total</b>	<b>283</b>	<b>\$3,954,558</b>

### **Closeout of Grants Not Initiated**

Neither the scholarship office nor DFO initiated closeout of 243 scholarship grants with unexpended balances totaling \$3,609,508. The scholarship office took no action because it lacked written procedures for closing grants. As of December 31, 2006, the 243 grants had been open for an average of 634 days beyond the cutoff dates.

### **Closeout of Grants Initiated but Not Completed**

For 40 scholarship grants with unexpended balances totaling \$345,050, closeout was initiated. However, the grants remained open in the payment system beyond the cutoff dates because the grant award, expenditure, and drawdown amounts were not equal. In some cases, the differences were less than \$1. Because the scholarship office and DFO lacked follow-up procedures, they did not know whether DPM had actually closed the grants. As of December 31, 2006, the 40 grants had been open in the payment system for an average of 734 days beyond the cutoff dates.

## **CONCLUSION**

For 2,831 mandatory and discretionary grants that were open past the cutoff dates, the grants office did not initiate closeout because of a staffing shortage. Closeout of an additional 70 mandatory and discretionary grants was initiated but not completed primarily because the grant balances were not equal in the payment system. Moreover, because the grants office did not adhere to its written follow-up procedures and because DFO had no follow-up procedures, they did not know whether DPM had actually closed grants for which closeout was initiated.

For 243 scholarship grants that were open past the cutoff dates, the scholarship office did not initiate closeout because it had no grant closeout procedures. Closeout of an additional 40 scholarship grants was initiated but not completed because the grant balances were not equal in the payment system. Moreover, because the scholarship office and DFO lacked follow-up procedures, they did not know whether DPM had actually closed grants for which closeout was initiated.

## **RECOMMENDATION**

We recommend that HRSA use the information in this report to ensure that grants are closed in a timely manner and to eliminate the backlog of grants eligible for closeout.

## **HEALTH RESOURCES AND SERVICES ADMINISTRATION COMMENTS**

In its comments on our draft report, HRSA described actions that it had taken or planned to take to implement our recommendation. HRSA's comments are included as Appendix B.

# **APPENDIXES**

### NUMBER OF DAYS THAT GRANTS REMAINED OPEN AFTER CUTOFF DATES

For the 3,184 grants that should have been closed in the Payment Management System (payment system), we calculated the number of days that the grants remained open from the cutoff dates through December 31, 2006.

As shown in Table 1, the 3,074 grants for which closeout was not initiated remained open in the payment system for an average of 656 days after the cutoff dates.

**Table 1: Grants for Which Closeout Was Not Initiated**

Grant Type	No. of Grants	Unexpended Balance Per DPM <sup>1</sup>	No. of Grants Open After Cutoff Dates for:			Average No. of Days Since Cutoff Dates
			1–180 Days	181–540 Days	Over 540 Days	
Mandatory and discretionary	2,831	\$167,035,287	110	1,093	1,628	658
Scholarship	243	3,609,508	0	154	89	634
<b>Total</b>	<b>3,074</b>	<b>\$170,644,795</b>	<b>110</b>	<b>1,247</b>	<b>1,717</b>	<b>656</b>

As shown in Table 2, the 110 grants for which closeout was initiated but not completed remained open in the payment system for an average of 860 days after the cutoff dates.

**Table 2: Grants for Which Closeout Was Initiated**

Grant Type	No. of Grants	Unexpended Balance Per DPM	No. of Grants Open After Cutoff Dates for:			Average No. of Days Since Cutoff Dates
			1–180 Days	181–540 Days	Over 540 Days	
Mandatory and discretionary	70	\$2,976,070	1	8	61	932
Scholarship	40	345,050	0	7	33	734
<b>Total</b>	<b>110</b>	<b>\$3,321,120</b>	<b>1</b>	<b>15</b>	<b>94</b>	<b>860</b>

<sup>1</sup>DPM = Division of Payment Management.



DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Resources and Services  
Administration

Rockville, MD 20857

FEB 5 2009

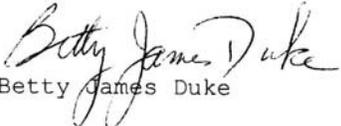
TO: Daniel R. Levinson  
Inspector General

FROM: Administrator

SUBJECT: Office of Inspector General Draft Report: "Review  
of Health Resources and Services Administration  
Grant Closeout Procedures" (Code #A-02-07-02008)

This is in response to your memorandum of December 18, 2008, requesting comments on the above subject draft report. The Health Resources and Services Administration (HRSA) appreciates the opportunity to review the draft report. HRSA's comments are attached.

If you have any questions, please contact Gail Lipton in HRSA's Office of Federal Assistance Management at (301) 443-6509.

  
Betty James Duke

Attachment

Health Resources and Services Administration's response to the Office of Inspector General's Draft Report: "Review of Health Resources and Services Administration Grant Closeout Procedures" A-02-07-02008

**OIG Recommendation**

We recommend that HRSA use the information in this report to ensure that grants are closed in a timely manner and to eliminate the backlog of grants eligible for closeout.

**HRSA Response**

HRSA recognizes that improvements in timely award closeout procedures are needed and has concentrated both staff and contract support resources to address its closeout backlog. In fiscal year 2008, more than 2,000 grant accounts or documents were closed in the Payment Management System (PMS). In fiscal year 2009, HRSA's goal is to close all FY 2004 documents and more than half of the outstanding FY 2005 documents, as well as work on the FY 2006 and FY 2007 grant accounts.

HRSA will also participate in the Department-wide effort to improve closing out grants in a timely manner. HRSA will continue to address the closeout backlog thus eventually eliminating the backlog of grants eligible for closeout.