

United States Senate
WASHINGTON, DC 20510-4504

February 21, 2024

VIA ELECTRONIC TRANSMISSION

The Honorable Dr. Monica M. Bertagnolli
Director
National Institutes of Health

Dear Dr. Bertagnolli:

I have long sounded the alarm on foreign threats to U.S. funded research, including ways that foreign agents threaten U.S. national security and economic competitiveness.¹ In fiscal year (FY) 2022 alone, the National Institutes of Health (NIH) awarded approximately \$257 million in taxpayer money to 224 foreign grant recipients.²

Our government must take all reasonable and necessary steps to protect the integrity of taxpayer-funded research. Grants audit requirements, when properly followed and reviewed, serve as a tool for the U.S. government to assure that grantees that receive taxpayer funds have adequate internal controls in place and follow program requirements.³

A December 2023 report from the Department of Health and Human Services (HHS) Office of Inspector General (OIG) found that most NIH foreign grant recipients did not submit required annual audit reports.⁴ In addition, NIH did not ensure foreign grant recipients met audit reporting

¹ See: GAO. *Federal Research: NIH Could Take Additional Actions to Manage Risks Involving Foreign Subrecipients*. GAO-23-106119. June 2023. Available at: <https://www.gao.gov/assets/gao-23-106119.pdf>. (Pg. 1). As Chairman of the Senate Committee on Finance I held a hearing on Foreign Threats to Taxpayer - Funded Research: Oversight Opportunities and Policy Solutions. See: <https://www.finance.senate.gov/hearings/foreign-threats-to-taxpayer-funded-research-oversight-opportunities-and-policy-solutions> (June 5, 2019). My past oversight on this topic also includes: April 1, 2019. Senator Charles E. Grassley Letter to DOD on Foreign Threats to Research. <https://www.grassley.senate.gov/news/news-releases/grassley-probes-foreign-threats-taxpayer-funded-research-defense-department>. and; January 17, 2019. Senator Charles E. Grassley Letters to DOJ and FBI and HHS on NIH research threats. [https://www.grassley.senate.gov/imo/media/doc/2019-01-17%20CEG%20to%20DOJ%20\(NIH%20Research%20Threats\)_0.pdf](https://www.grassley.senate.gov/imo/media/doc/2019-01-17%20CEG%20to%20DOJ%20(NIH%20Research%20Threats)_0.pdf). And [https://www.grassley.senate.gov/imo/media/doc/2019-01-17%20CEG%20to%20HHS%20IG%20\(NIH%20Research%20Threats\)_0.pdf](https://www.grassley.senate.gov/imo/media/doc/2019-01-17%20CEG%20to%20HHS%20IG%20(NIH%20Research%20Threats)_0.pdf); October 23, 2018 Senator Charles E. Grassley Letter to NIH on Research Threats, see: [https://www.grassley.senate.gov/imo/media/doc/2018-10-23%20CEG%20to%20NIH%20\(Research%20Threats\).pdf](https://www.grassley.senate.gov/imo/media/doc/2018-10-23%20CEG%20to%20NIH%20(Research%20Threats).pdf).

² Department of Health and Human Services (HHS) Office of Inspector General. *The National Institutes Of Health Did Not Receive 81 Of 109 Required Audit Reports For Foreign Grant Recipients*. A-05-21-00019. (December 2023). Available at: <https://oig.hhs.gov/oas/reports/region5/52100019.pdf>.

³ Foreign grant recipients that spend \$750,000 or more in HHS funds in one fiscal year are subject to certain audit requirements. See: NIH Grants Policy Statement (GPS) 16.7.4 and 45 CFR § 75.501.

⁴ Department of Health and Human Services (HHS) Office of Inspector General. *The National Institutes Of Health Did Not Receive 81 Of 109 Required Audit Reports For Foreign Grant Recipients*. A-05-21-00019. (December 2023). Available at: <https://oig.hhs.gov/oas/reports/region5/52100019.pdf>.

requirements, as NIH officials did not provide evidence that they actively reached out to foreign grant recipients to obtain required audit reports. Instead, NIH relied on grantees to complete and submit audit reports. NIH also failed to follow up with a management decision letter or issue one in a timely manner for seventy percent of foreign grant recipients whose audit reports required follow up actions by NIH.

HHS OIG stated that “[w]ithout ensuring that foreign grant recipients submit required audit reports, NIH was unable to obtain insights regarding these entities’ financial management operations and stewardship of Federal funds, thus limiting NIH’s ability to effectively monitor these foreign grant recipients and to identify potential findings or recommendations impacting NIH grant awards.”

The HHS OIG issued four recommendations to address these concerning issues and NIH’s response letter states concurrence with all the recommendations. Accordingly, what steps has NIH taken to implement these recommendations? Please provide rolling updates to my staff on the implementation status of each recommendation in order to ensure taxpayer money sent to foreign grant recipients are spent as intended to advance U.S. goals.⁵ Please provide an initial update no later than March 6, 2024.

Thank you in advance for your prompt attention to these matters. Should you have any questions, please contact my committee staff at (202) 224-0642.

Sincerely,



Charles E. Grassley
Ranking Member
Committee on the Budget

cc. The Honorable Christi A. Grimm, Inspector General, HHS

⁵ See recommendations 1-4 from Department of Health and Human Services (HHS) Office of Inspector General. *The National Institutes of Health Did Not Receive 81 Of 109 Required Audit Reports For Foreign Grant Recipients*. HHS OIG recommends that NIH: 1) follow up with the foreign grant recipients to confirm the 81 outstanding audits were completed, obtain the outstanding audit reports, and issue management decision letters where appropriate; 2) issue management decision letters for the two audit reports that indicate a need for increased monitoring; 3) work with HHS’ Audit Resolution Division (ARD) officials to identify foreign grant recipients required to submit annual audit reports and address audit report submission delinquencies by NIH foreign grant recipients; 4) develop policies and procedures to issue timely management decision letters for foreign grant recipient audit reports, with audit findings, within 6 months of the date HHS accepts the audit report package.