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OIG: Most Referrals for Grant Fraud Lead to Suspensions, Debarments

By Nina Youngstrom

A new report from the HHS Office of Inspector General (OIG) highlights the risk of suspensions and debarments for research institutions and other entities that accept federal grant money.^[1]

OIG said that 86% of referrals to the HHS Office of Recipient Integrity Coordination (ORIC) “resulted in suspension, debarment, or other administrative action to protect Federal programs and funds.” ORIC manages HHS’s suspension and debarment program, according to the report, which also identified areas for improvement.

“Suspensions and debarments are a tool federal agencies can use to stop bad actors and poor performers from receiving federal awards for a set period of time,” said Margaret Naughton, a team leader in OIG’s Office of Evaluation and Inspections. Although they’re not that well understood, “suspensions and debarments are a very important program integrity tool,” added Dwayne Grant, regional inspector general for evaluation and inspections. They show up in the System for Award Management database (better known as SAM.gov), which health care organizations often use in their background screening of individuals and vendors.

The report “signals there will be an increased focus on whether certain grant frauds should lead to suspensions or debarments,” said attorney Lisa Murtha, with Moses & Singer in New York. Various HHS agencies will likely step up “their desire to timely and efficiently pursue suspensions and debarments for grant fraud cases.” With the potential for more referrals, research sites should make sure their processes for grant applications and financial management of grants are sound, she said.

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