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Washington, DC 20548

March 26, 2025

Congressional Committees

Patient-Centered Outcomes Research Institute: Review of the FY 2024 Financial Statement Audit

This report presents the results of our review of the Patient-Centered Outcomes Research Institute's (PCORI) fiscal year 2024 financial statement audit.¹ The Patient Protection and Affordable Care Act (PPACA) authorized the establishment of PCORI in 2010² as a federally funded,³ nonprofit corporation that is neither an agency nor an establishment of the U.S. government.⁴ According to PPACA, PCORI's purpose is to assist patients, clinicians, purchasers, and policymakers in making informed health care decisions by advancing the quality and relevance of evidence concerning the manner in which diseases, disorders, and other health conditions can effectively and appropriately be prevented, diagnosed, treated, monitored, and managed through research and evidence synthesis.⁵

PPACA requires PCORI to obtain an annual financial statement audit from a private entity with expertise in conducting financial audits and includes a provision for the Comptroller General of the United States to review the audit and report the results to the Congress annually.⁶

An independent public accounting firm (IPA) issued an unmodified opinion on PCORI's fiscal years 2024 and 2023 financial statements. Specifically, the IPA found that PCORI's financial statements were presented fairly, in all material respects, in accordance with U.S. generally

¹We reported on the results of our review of PCORI's fiscal year 2023 financial statement audit in GAO, *Patient-Centered Outcomes Research Institute: Review of the Audit of the FY 2023 Financial Statements*, [GAO-24-107260](#) (Washington, D.C.: Mar. 28, 2024).

²PPACA, Pub. L. No. 111-148, § 6301(a), 124 Stat. 119, 728 (2010), *classified at* 42 U.S.C. § 1320e(b)(1).

³The Further Consolidated Appropriations Act, 2020, appropriated funds and certain fee revenues to PCORI through fiscal year 2029. Pub. L. No. 116-94, div. N, tit. I, § 104(a), 133 Stat. 2534, 3097-98 (2019), *classified at* 26 U.S.C. § 9511(b)(1)(F), (4).

⁴PPACA authorized PCORI to be established as a nonprofit corporation subject to the District of Columbia Non-Profit Corporation Act and organized within the meaning of sections 501(c)(1) and 501(l) of the Internal Revenue Code of 1986, as amended. PPACA, *classified at* 42 U.S.C. § 1320e(b)(2); 26 U.S.C. §§ 501(c)(1), (l).

⁵PPACA, *classified at* 42 U.S.C. § 1320e(c).

⁶PPACA, *classified at* 42 U.S.C. § 1320e(g)(1), (2)(A)(i), (2)(B). PPACA also includes a provision for GAO to review (1) certain PCORI activities, such as processes established, training activities, barriers encountered, and overall effectiveness, every 5 years and (2) the adequacy and use of funding, no later than March 23, 2018. 42 U.S.C. § 1320e(g)(2)(A)(ii)-(vi). GAO completed reviews and issued reports in 2015, 2018, and 2020. GAO, *Comparative Effectiveness Research: HHS Needs to Strengthen Dissemination and Data-Capacity-Building Efforts*, [GAO-15-280](#) (Washington, D.C.: Mar. 3, 2015); *Comparative Effectiveness: Initial Assessment of the Patient-Centered Outcomes Research Institute*, [GAO-15-301](#) (Washington, D.C.: Mar. 9, 2015); *Comparative Effectiveness Research: Activities Funded by the Patient-Centered Outcomes Research Trust Fund*, [GAO-18-311](#) (Washington, D.C.: Mar. 23, 2018); and *Comparative Effectiveness Research: Patient-Centered Outcomes Research Institute and HHS Continue Activities and Plan New Efforts*, [GAO-21-61](#) (Washington, D.C.: Nov. 18, 2020).

accepted accounting principles.⁷ The IPA also reported that for fiscal year 2024, it did not identify any (1) deficiencies in internal control over financial reporting it considered to be material weaknesses⁸ or (2) reportable noncompliance with selected provisions of laws, regulations, contracts, and grant agreements it tested. In addition, the IPA reported it conducted its audit and prepared its report in accordance with U.S. generally accepted government auditing standards.⁹ PCORI agreed with the IPA report's conclusions.

Objective, Scope, and Methodology

Our objective was to review the results of PCORI's fiscal year 2024 financial statement audit. To satisfy this objective, we performed the following procedures:

- We read and considered the following with respect to the IPA's independence, objectivity, and qualifications:
 - the results of the IPA's most recent peer review,¹⁰ dated December 5, 2022, which indicated a pass rating;¹¹
 - the request for proposal PCORI sent out when seeking an audit organization to conduct the audit of its financial statements;
 - the proposal the IPA submitted;
 - the IPA's certification of independence;
 - the engagement letter between the IPA and PCORI, which described each of their responsibilities and set forth the audit services' scope and objectives;¹²
 - résumés of key audit team members; and

⁷PCORI's financial statements consist of the statements of financial position, statements of activities, statements of cash flows, statements of functional expenses, and accompanying notes to the financial statements.

⁸A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

⁹U.S. generally accepted government auditing standards (GAGAS), which the Comptroller General of the United States issues, incorporate U.S. generally accepted auditing standards and constitute the professional standards under which the IPA was to perform PCORI's financial statement audit. For an audit of financial statements performed in accordance with GAGAS, the auditor is required to report on internal control over financial reporting and on compliance with certain provisions of laws, regulations, contracts, and grant agreements.

¹⁰GAGAS requires each audit organization to have a periodic external peer review conducted by reviewers independent of the organization being reviewed. The external peer review should determine whether, during the period under review, the reviewed audit organization (1) suitably designed an internal quality control system and (2) complied with quality control policies and procedures to provide the audit organization with reasonable assurance that it conforms with applicable professional standards.

¹¹There are two types of peer reviews: system reviews and engagement reviews. System reviews focus on an audit organization's system of quality control, while engagement reviews focus on work performed on particular, selected engagements. An audit organization can receive a rating of pass, pass with deficiencies, or fail. The IPA's audit organization received a rating of pass on its system of quality control.

¹²An engagement letter describes the objectives and scope of the work performed and includes a reference to the professional standards governing the conduct of the engagement.

- documentation related to the continuing professional education of the IPA staff members assigned to the PCORI audit.
- We analyzed key audit planning documentation focusing on the IPA's assessment of the risk of material misstatement in PCORI's financial statements, the audit procedures the IPA developed as a result of this assessment, and the key audit completion documents summarizing the results and conclusions the IPA reached.
- We read PCORI's fiscal years 2024 and 2023 financial statements, the IPA's audit report on the financial statements, and the IPA's report on internal control over financial reporting and on compliance.
- We met with IPA representatives and PCORI management officials to discuss matters pertinent to our objective.

Our review of PCORI's fiscal year 2024 financial statement audit, as differentiated from an audit of the financial statements, was not intended to enable us to express—and we do not express—an opinion on PCORI's financial statements or conclude on the effectiveness of its internal control over financial reporting. Further, we do not express an opinion on PCORI's compliance with laws, regulations, contracts, and grant agreements. The IPA is responsible for its report on PCORI dated February 19, 2025, and the conclusions expressed therein.

We conducted this performance audit from December 2024 to March 2025 in accordance with U.S. 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 objectives.

No Significant Issues Related to PCORI's Fiscal Year 2024 Financial Statement Audit

Based on the limited procedures we performed regarding the IPA's fiscal year 2024 audit of PCORI's financial statements, we did not identify any significant issues that we believe require attention. Had we performed additional procedures, other matters might have come to our attention that we would have reported.

Agency Comments and Third-Party Views

We provided a draft of this report to PCORI and the IPA for review and comment. PCORI's Chief Financial Officer provided technical comments, which we incorporated in the final report. An IPA partner responded that the IPA had no comments on the draft report.

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We are sending copies of this report to the Executive Director of the Patient-Centered Outcomes Research Institute and other interested parties. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

If you or your staffs have any questions about this report, please contact me at clarkce@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff members who made key contributions to this report include Ted Hu (Assistant Director), Brian Koning (Auditor in Charge), Melissa Bentley, and Destiny Bowie.

//SIGNED//

Cheryl E. Clark
Director
Financial Management and Assurance

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