

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**Monitoring of Ryan White CARE Act Title I  
and Title II Grantees**



INSPECTOR GENERAL

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# OFFICE OF INSPECTOR GENERAL

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# EXECUTIVE SUMMARY

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## OBJECTIVE

To assess the role of the project officer in monitoring the Ryan White CARE Act Title I and Title II grantees' programmatic performance.

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## BACKGROUND

The Senate Finance Committee asked the Office of Inspector General (OIG) to review the Health Resources and Services Administration's (HRSA's) oversight of Ryan White Comprehensive AIDS Resources Emergency (CARE) Act Title I and Title II grantees and grantees' oversight of their subgrantees. Hereinafter, these grantees are referred to as Title I and Title II grantees. As part of this request, the Committee asked OIG to also initiate audits of select grantees and subgrantees.

The CARE Act provides funding to develop, organize, coordinate, and operate effective and cost-efficient health care and support services to medically underserved individuals and families affected by HIV/AIDS. Title I and Title II are the largest programs and are the focus of this inspection. Title I provides emergency relief grants to eligible metropolitan areas for community-based HIV-related services, and Title II provides grants to States, the District of Columbia, and the territories to improve the quality, availability, and organization of health care and support services.

This report focuses on the role of the project officer in monitoring Title I and Title II grantees' programmatic performance in fiscal year (FY) 2000. We collected data in 2001 and 2002. The report does not address the role of the grants management officer, given that during the data collection period the grants management offices throughout HRSA were being consolidated, and it was, therefore, difficult to draw conclusions about their role.

To assess project officers' monitoring of Title I and Title II grantees, we compared their monitoring activities to the duties, as outlined in their position description, and in *Monitoring Grants and Cooperative Agreements for Federal Personnel*, the training manual used by Federal grants personnel. We reviewed documents that project officers used to monitor 20 grantees. We also interviewed these 20 grantees, HRSA officials, and the 17 project officers responsible for these 20 grantees. Overall, these project officers provide oversight of 38 of the 51 Title I grants and 21 of the 54 Title II grants. This inspection also produced a companion report, entitled *The Ryan White CARE Act Title I and Title II Grantees' Monitoring of Subgrantees*, OEI-02-01-00641.

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## FINDINGS

### **Title I and Title II project officers are not adequately monitoring the 20 selected grantees**

**Project officers do not consistently have grantees' required progress reports or prepare grantee status reports.** We found that project officers had progress reports for 8 of the 10 Title I grantees but none of the 10 Title II grantees. Additionally, we found that project officers had prepared only 15 status reports for the 20 selected grantees.

**Project officers report limited monitoring of grantees' fiscal performance.** None of the project officers could provide any documentation showing that they track the fiscal performance of the 20 grantees.

**Not all project officers use the grantee application as a monitoring tool.** All 17 project officers report reviewing grantees' annual applications; however, only 5 Title I project officers note that they use the application benchmarks to monitor grantees throughout the year.

**Project officers do not routinely conduct monitoring site visits, and therefore, do not verify information provided by grantees.** Project officers had site visit reports for 10 of the selected 20 grantees for the last 2 years. Six of the 17 project officers note that travel restrictions implemented within their division prevent them from conducting site visits.

**Title II project officers are not involved in the process of setting special conditions to address vulnerabilities.** Six of the eight Title I and none of the nine Title II project officers are involved in the process of setting special conditions of award. Special conditions change the grant requirements described in the notice of grant award to address specific vulnerabilities.

**Project officers, however, do report having frequent contact with grantees.** Both Title I and Title II project officers report having frequent telephone and electronic mail (email) contact with grantees, and that they have more frequent contact with grantees who have issues or problems.

**Project officers do not focus on grantees' monitoring of subgrantees.** Only 5 of the 17 project officers report that they routinely review documents that subgrantees submit to the grantee.

**Neither Title I nor Title II project officers can describe a standard corrective action process.** None of the project officers had corrective action plans for any of the 20 selected grantees. Title I and Title II project officers were either unable to describe or gave inconsistent descriptions of a corrective action process.

## **HRSA provides limited support to project officers to systematically monitor grantees**

**Little guidance or training is provided on how project officers should monitor.** The HIV/AIDS Bureau provides little guidance to project officers about how to specifically monitor Title I and Title II grantees. As a result, project officers monitor grantees differently.

**HRSA has initiated few corrective actions.** HRSA does not frequently initiate corrective actions when grantees fail to meet grant requirements. Interviews with project officers provide additional evidence that the Bureau is reluctant to take action against grantees when there is a problem.

**Little continuity exists among project officers.** Six of the 20 grantees say that a high turnover rate among project officers hinders monitoring. In addition, project officers are rotated every 2 years, making it unlikely that they ever conduct two monitoring site visits of the same grantee.

**Coordination between Title I and Title II project officers is limited.** Most project officers note that they do not coordinate monitoring activities with the project officers from the other Title, even though the two Titles often fund the same subgrantees and have overlapping geographic areas.

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## **RECOMMENDATIONS**

The findings are based on documents from 10 Title I and 10 Title II grantees and interviews with project officers who are responsible for 38 of the 51 Title I grants and 21 of the 54 Title II grants. These findings indicate that HRSA needs to strengthen its oversight of Title I and Title II grantees. We are aware that since this inspection was conducted, HRSA has consolidated its grants management offices, relocated most Title II monitoring responsibilities from regional offices to headquarters, and redefined the Office of Field Operations as the Office of Performance Review. These changes may better position the agency to address the following recommendations. Specifically, we recommend that HRSA:

- Specify and enforce standards and guidelines for how project officers should monitor grantees
- Address ongoing training for project officers

- Standardize a corrective action process and address grantee issues more formally
- Increase frequency and comprehensiveness of site visits
- Improve project officer continuity
- Improve coordination between Title I and Title II oversight staff

## **Agency Comments**

We received comments on our draft report from HRSA. The full text of these comments can be found in Attachment C. HRSA concurs with our recommendations, and adds that significant administrative changes have occurred since this inspection was conducted. These changes may better position the agency to address the grantee monitoring activities discussed in this report.

HRSA also describes several concerns with this report. In general, HRSA is concerned that the report does not distinguish between HRSA and the HIV/AIDS Bureau, the agency directly responsible for administering the Ryan White CARE Act. At the time data were collected, Title I grantees were monitored from the HIV/AIDS Bureau in the Rockville headquarters office, while Title II grantees were monitored from the Office of Field Operations in regional offices and outside of the HIV/AIDS Bureau. Instances where we address HRSA are meant to include both the HIV/AIDS Bureau and the Office of Field Operations. Additionally, HRSA is concerned that the report does not distinguish between Title I and Title II project officers. We do make distinctions in the report between the two, however, where differences were apparent in the data analysis.

Finally, HRSA is concerned that our report does not address the role of the Grants Management Officer in monitoring CARE Act grants, adding that administrative restructuring of the Grants Management Office occurred in October 2003. We note in the report that the scope of our inspection is limited to the role of the project officer, and agree that the Grants Management Officer perspective would provide a more complete evaluation. However, during an interview conducted as part of the study design we were told that the office would be consolidated in June 2002. This interview was conducted in December 2001, and the decision to limit the scope of the inspection was made at that time.

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# INTRODUCTION

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## OBJECTIVE

To assess the role of the project officer in monitoring the Ryan White CARE Act Title I and Title II grantees' programmatic performance.

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## BACKGROUND

In a letter dated August 2001, the Senate Finance Committee asked the Office of Inspector General (OIG) to review the Health Resources and Services Administration's (HRSA's) oversight of Ryan White Comprehensive AIDS Resources Emergency (CARE) Act grantees and grantees' oversight of their subgrantees. News accounts have highlighted several instances of questionable spending by grantees and subgrantees that are now subject to Federal and State investigations. As a result, the Committee is concerned that HRSA may not be exerting clear and consistent oversight over its CARE Act grantees nor requiring, or otherwise monitoring, grantees' oversight of their subgrantees.

As part of this request, the Committee asked OIG to also initiate audits of select grantees and subgrantees. The purpose of these audits is to evaluate grantees' administration of CARE Act funds and their oversight of subgrantees, and to assess subgrantees' fiscal capability and performance. This report focuses on the role of the project officer in monitoring Title I and Title II grantees' programmatic performance. The report does not address the role of the grants management officer, given that, during the data collection period, the grants management offices throughout HRSA were being consolidated, and it was, therefore, difficult to draw conclusions about their role. The focus on the project officer's role in monitoring the programmatic performance also complements the financial audits being concurrently conducted within OIG.

This report is a companion report to *The Ryan White CARE Act Title I and Title II Grantees' Monitoring of Subgrantees, OEI-02-01-00641*, which focuses on how Title I and Title II grantees monitor subgrantees. We organized the reports in this way, as opposed to by Title, to better respond to the Senate Finance Committee's two-part request, and because the overall findings apply to both Title I and Title II.

## The CARE Act

The CARE Act (Pub. L. 101-381) was passed in 1990, and reauthorized in 1996 (as Pub. L. 104-146) and in 2000 (as Pub. L. 106-345). The legislation provides funding to States

and other public and nonprofit entities to develop, organize, coordinate, and operate effective and cost-efficient health care and support services to medically underserved individuals and families affected by HIV/AIDS. The CARE Act distributes resources to various entities under four Titles and Part F. Title I and Title II are the largest programs and are the focus of this inspection.

## **Title I**

Title I provides emergency relief grants to eligible metropolitan areas disproportionately affected by the HIV/AIDS epidemic. The Title I grantee is the Mayor or chief elected official. This official typically designates administrative authority for the CARE Act to the city or county health department, which may also be called the grantee. The grantee designates a planning council that is responsible for prioritizing the allocation of funds and makes awards to subgrantees according to the planning council's decisions. Subgrantees may include hospitals, community-based organizations, hospices, ambulatory care facilities, community health centers, migrant health centers, homeless health centers, and substance abuse treatment and mental health programs.

Title I funding includes formula and supplemental components. Formula grants are awarded based on the estimated number of people living with AIDS in the eligible metropolitan area over the most recent 10-year period. Supplemental grants are awarded competitively based on a demonstration of severe need and other criteria. In fiscal year 2001, 51 eligible metropolitan areas in 21 States, Puerto Rico, and the District of Columbia were awarded \$604 million in formula and supplemental funds.

## **Title II**

Title II provides grants to States, the District of Columbia, and the territories to improve the quality, availability, and organization of health care and support services for individuals and families with HIV/AIDS. The grantee for Title II is the Governor, and the administrative agency is the State Department of Health, which may also be the grantee. States distribute Title II funds to subgrantees, which are typically public or nonprofit providers and community-based organizations. The grantee distributes funds either directly or through consortia that are responsible for prioritizing Title II funds in their area. In fiscal year 2001, the States, the District of Columbia, and the territories were awarded \$845 million in Title II grants.

A portion of each State's Title II funds must be used to establish an AIDS Drug Assistance Program (ADAP) to provide medications to low-income individuals with HIV/AIDS and their families. In fiscal year (FY) 2001, the ADAP portion of the Title II award totaled \$571 million.

## Federal Oversight

The HIV/AIDS Bureau in HRSA is responsible for implementing Title I and Title II. At the time that the inspection was conducted, these programs were managed differently. The Bureau’s Division of Service Systems was responsible for monitoring and oversight of Title I grantees and ADAP. The Office of Field Operations, which included the 10 regional offices, was responsible for Title II grantees as well as other grants (see Figure 1 and Appendix A).

**Figure 1: Monitoring Responsibilities**  
(Regional Responsibility Italicized)

	CARE Act Program		
Responsibility	Title I	Title II	Title II ADAP
Program Monitoring	Division of Service Systems - Project Officer	<i>Office of Field Operations - Project Officer</i>	Division of Service Systems - Representative
Fiscal Monitoring	Division of Service Systems - Grants Management Officer		

In January 2003, HRSA announced that the Bureau’s Division of Service Systems would be responsible for both Title I and Title II. The Office of Field Operations, which had responsibility for Title II grantees, became the Office of Performance Review, and now serves as the focal point for reviewing and enhancing performance of HRSA-supported programs.

### Project Officer Monitoring Role

The monitoring role of the project officer is described in the HIV/AIDS Bureau position description, and *Monitoring Grants and Cooperative Agreements for Federal Personnel*, the training manual used by Federal grants personnel (hereinafter referred to as the “Grants Training Manual”). According to Chapter 1.1 of the Grants Training Manual:

[M]onitoring is the process by which the programmatic and business management performance of a grant is continuously reviewed by the program official and the grants official. Monitoring methods include:

- (1) conducting telephone checkups;
- (2) reviewing requests for prior approval;
- (3) reviewing audits, financial status reports, progress reports,

and other written documents; and (4) conducting site visits.

The Grants Training Manual also states that whereas the grants management officer has primary responsibility for ensuring grantees' submission of all required reports and for monitoring the financial aspects of the grant, the project officer has primary responsibility for monitoring the grantees' programmatic performance. Project officers review progress reports to ensure they contain minimum requirements, and are also expected to review the financial information in financial reports and relate it to the programmatic information in progress reports. The Grants Training Manual adds that the basic purpose of monitoring is to evaluate whether or not the recipient is carrying out the project in accordance with the Notice of Grant Award, and that grant and program officers "monitor recipient performance and compliance against the elements that make up the grant agreement."

HRSA further specifies the duties and responsibilities of Title I and Title II project officers in the following position description. The activities outlined below are those that are critical to monitoring both Title I and Title II grantees. Specifically, the project officer:

1. Serves as a project officer for up to 12 grants. This includes the development of program guidance and notice of availability of funds, preparation of correspondence, alerting applicants of the application status, managing the grant objective review process, participating in the review of applications and providing telephone and on-site technical assistance to grantees, and conducting on-site program reviews.
2. Provides a monitoring role to the grants assigned by being the focal contact point for all inquiries from the grantees. Maintains contact and is looked to as the expert on program requirements and on the status of assigned projects.
3. Monitors, evaluates, and provides general technical assistance to grantees, and coordinates and implements technical assistance to grantees.
4. Schedules and conducts site visits to assess the fulfillment of the grantees' responsibilities. Makes recommendations regarding problems and program modifications. Monitors progress in addressing identified issues or problems and makes recommendations for continued funding or action to be taken, as appropriate.

### **OIG Oversight Framework**

As part of its focus on grants oversight, OIG has developed an oversight framework that establishes monitoring fundamentals for Federal grants (see Appendix B). This framework is based on the Grants Administration Manual and the Grants Training Manual. The framework focuses on four areas: (1) requirements developed by the

Operating Division that address program and financial progress; (2) reports generated by the grantee that are collected by the Operating Division; (3) review and verification of report information; and (4) enforcement authority used by the Operating Division to address identified issues. We used this framework to assess HRSA's oversight of Title I and Title II grantees.

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## **METHODOLOGY and ANALYSIS**

To assess project officers' monitoring of Title I and Title II grantees, we compared how they are monitoring these grantees to the duties as outlined in their position description, the Grants Training Manual, Federal requirements, and our oversight framework. We present our findings for Title I and Title II together because project officers from both Titles are expected to monitor their grantees in a similar fashion and because the general findings apply to both Titles. We highlight differences between Title I and Title II when appropriate. Note that for the purposes of this report, we use the term subgrantees to refer to all sub-awardees of a grantee.

We collected information about how project officers monitor grantees from several data sources: (1) a review of documents from 20 grantees, (2) interviews with the 17 project officers who are responsible for these grantees, (3) interviews with the 20 grantees, and (4) interviews with HRSA program officials.

### **Selection of Grantees**

This inspection is based on 10 of the 51 Title I grantees and 10 of the 54 Title II grantees. We selected these grantees based on several factors. Specifically, we ranked each Title I and Title II grantee separately according to funding level and grant longevity. We then selected 5 grantees that were in the upper 10, and 5 in the lower 10, for each factor and from each Title. Further, we aimed to select at least one grantee from each area where HRSA has a regional office. We also included an eligible metropolitan area and its corresponding State for half of the grantees, and we made an effort to minimize our overlap with the grantees that were selected by the Office of Audit Services. We did not select the grantees based on their performance. In total, the 20 selected grantees represent 38 percent of Title I funds and 41 percent of Title II funds. A list of the selected Title I and Title II grantees is provided on the next page.

<b>Title I</b>	<b>Title II</b>
Los Angeles, CA	California
Atlanta, GA	Georgia
Minneapolis, MN	Minnesota
Philadelphia, PA	Pennsylvania
New York, NY	New York
Kansas City, MO	Alabama
West Palm Beach, FL	Massachusetts
Norfolk, VA	New Mexico
Seattle, WA	South Carolina
Las Vegas, NV	Utah

## **Document Review**

We reviewed key documents to assess the project officers' monitoring of Title I and Title II grantees. To do this, we requested documentation from each of the project officers who are responsible for the 20 selected grantees. According to our framework, the Grants Training Manual, and the project officer position description, project officers should have access to key monitoring information and documents. We did not request the documentation from the official grantee file that is maintained by the grants management office because the focus of this inspection is on the project officer as opposed to the grants officer. We reviewed the information that was provided by each of the project officers using a structured instrument. The documents we reviewed included grant applications, progress reports, fiscal reports, site visit reports, corrective action plans, and other documents used to monitor grantees. We also reviewed the site visit protocols for Title I and Title II.

## **Interviews**

In total, at the time the inspection was conducted, there were 12 Title I project officers and 30 Title II project officers.<sup>1</sup> We conducted interviews with the 17 project officers who were responsible for monitoring the 20 selected grantees. Eight of these project officers were from Title I, and nine were from Title II. These project officers were responsible for monitoring a total of 38 of all 51 Title I grantees and 21 of all 54 Title II grantees. In our interviews, we asked project officers how they monitor their grantees and how they identify and address grantee issues. We conducted these interviews in April 2002.

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<sup>1</sup>These numbers are based on the information provided by the HIV/AIDS Bureau as of November 2001.

We also interviewed the 20 selected Title I and Title II grantees. We asked them about how HRSA monitors their grant activities in order to understand their perspective and to verify project officers' responses. We conducted these interviews between March and May 2002.

Finally, we interviewed key program officials at the HIV/AIDS Bureau and at the former Office of Field Operations. These interviews provided mostly background information about Title I and Title II and how the programs are administered. We conducted these interviews in December 2001.

## **Limitations**

This inspection focuses on the role of the project officer in monitoring the programmatic activities of the grantee. It does not address the grants management officers' role in monitoring the grantees' fiscal performance. One of the reasons that we limited the scope of the inspection is that the grants management office was being restructured at the time of the inspection. As of December 2002, HRSA consolidated the grants management office in the HIV/AIDS Bureau with the grants management offices in the other Bureaus.

## **Standards**

We conducted this inspection in accordance with the *Quality Standards for Inspections* issued by the President's Council on Integrity and Efficiency.

# FINDINGS

## **Title I and Title II project officers are not adequately monitoring the 20 selected grantees**

### **Not all project officers have grantees' progress reports or prepare grantee status reports**

We found that not all project officers have progress reports for the 20 selected grantees. According to 45 CFR § 92.40 (1) and (2), grantees are required to prepare and submit progress reports (sometimes called technical or performance reports). Project officers are responsible for reviewing and maintaining these progress reports. Based on our documentation review, we found that project officers had progress reports for 8 of the 10 Title I grantees but none of the 10 Title II grantees. In addition, 5 of the 20 selected grantees were not sure whether their project officer routinely reviews their progress reports because they seldom receive feedback.

Contrary to our document review findings, all 17 project officers say that they review every grantee's progress report and that they rely on them to monitor grantees. They typically note that they check the reports to see whether they are consistent with the goals and objectives stated in the grantee's application. Four believe, however, that the reports are not useful, do not provide a complete or current picture of what is happening, and are more for documentation purposes. As one project officer notes, "it is important to do it, but they write what they want you to see."

In addition, as part of their monitoring role, HRSA expects both Title I and Title II project officers to prepare quarterly grantee status reports. The grantee status report is important because it is where the project officer documents grantee progress in budgeting and meeting service goals. Based on our documentation review, we found that project officers had only 15 status reports for the 20 grantees.

### **Project officers report limited monitoring of grantees' fiscal performance**

According to Chapters 1.1.2 and 3.2.3 of the Grants Training Manual, project officers are required to coordinate with the grants management specialists who are responsible for collecting and reviewing grantees' fiscal reports. Chapter 3.2.3 of the Grants Training Manual also specifies that project officers are required to monitor grantee goals and objectives, and also to analyze and explain cost overruns. However, we found that none of the project officers provided any documentation showing that they track the fiscal performance of the selected grantees. HRSA officials explain that fiscal monitoring is the

role of the grants specialists and that project officers do not get involved, unless there is a problem or a grantee wants to carry over unspent grant funds into the next grant cycle.

Several project officers report that they review the fiscal reports submitted by their grantees. Specifically, four mention that they review budgets and/or track overspending and underspending, and that this information gives them a complete picture of how the program is working. Five report that they typically do not get very involved in monitoring grantees' fiscal performance, except when there is evidence of financial distress, or when the grantee has a carryover request.

According to the Chapter 1.1.5 of the Grants Training Manual, the project officer is also responsible for working with the grants management specialist to make "appropriate recommendations for actions that could either help the grantee overcome financial distress or protect the financial interests of the agency if overcoming the financial distress is not possible." Adverse audit findings may indicate that the grantee is in financial distress. None of the project officers mention that they had copies or did any review of audits submitted by the grantee. Our discussions with the grants management specialists further revealed that they review a sample of audits and findings, but approximately 2 years after the grant is awarded. Another official notes that no one in the Bureau reviews grantees' audits.

### **Not all project officers use the grantee application as a monitoring tool**

According to HRSA project officer duties outlined in the position description, one of the primary responsibilities of project officers is to review grantee applications. The Grants Training Manual further states that the most important document against which compliance is measured (and, therefore, the most important monitoring benchmark) is the approved grant application.

We found that all 17 project officers report that they review grantees' annual applications. However, they report performing somewhat different types of reviews and not all use it to monitor their grantees. Only five of the eight Title I project officers note that they use the application benchmarks to monitor grantees throughout the year. They note that it is an important tool to help identify the grantee's strengths and weaknesses that they then follow up on during the year. Title II project officers commonly report that they review the application only to see whether it is complete and meets the statutory requirements. In contrast, none of the Title II project officers mentions that they use the application as a monitoring tool. As one Title II project officer points out, the application does not really say much, partly because the grantee can note that there is "no change" from their previous application.

**Title I and Title II project officers do not routinely conduct monitoring site visits and, therefore, do not verify information provided by grantees**

Project officer duties include scheduling and conducting site visits to monitor the grantees’ performance. Although there is no written policy for site visits, HRSA expects project officers to conduct a formal site visit to each grantee every 18 months. Project officers had site visit reports for only 10 of the 20 selected grantees for the last 2 years. They conducted a total of 15 site visits over 4 years for these 20 grantees (see Figure 1). Site visits are the best way that project officers verify the information that grantees submit about their programs. Because site visits are not regularly conducted, project officers must rely on information that grantees self-report that is not verified in any way.

**Figure 1**  
**Number of Grantees that had Site Visit Reports (n=20)**

	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>Total</b>
<b>Title I</b>	1	3	0	2	6
<b>Title II</b>	0	1	4	4	9

Source: OEI Documentation Review, 2002

Our review of the 15 site visit reports from Title I and Title II shows that none of these reports included a completed checklist that is part of HRSA’s recommended site visit protocol. In order to understand what project officers do on-site, we asked them to describe their site visit activities. We found that project officers perform different types of reviews. Seven of the 17 project officers note that they review the grantee’s contract and/or a sample of contracts. Four review the grantee’s procedure manuals, grievance policies, and hiring practices. Seven of the 17 mention reviewing fiscal information, including budgets and invoices, and other documents. Only one project officer describes conducting a review of administrative, fiscal, and data systems.

We also found several differences between Title I and Title II project officers’ approaches to site visits. In general, Title I project officers review a greater number of documents and seem to focus on challenging grantees and asking them tough questions. In contrast, Title II project officers see their role as a broker or resource who monitors by listening to concerns and making suggestions. Title II project officers are also more likely to focus on building relationships with the grantee.

Six of the 17 project officers note that travel restrictions implemented within their division prevent them from conducting site visits according to the 18-month schedule. Six project officers further explain that site visits are not seen as a priority by HRSA

officials. As one project officer notes, “senior staff does not understand the need to get out face-to-face.” Project officers commonly emphasize the value of site visits, which are the only way to find out what the grantee is really doing with their grant money. Seven of the 17 specifically mention the lack of site visits as a primary concern with HRSA’s oversight of grantees. They add that more site visits would be helpful and would improve the operation of their program.

## **Title II project officers are not involved in the process of setting special conditions to address vulnerabilities**

A special condition is a unique requirement on the grant to address a vulnerability and is an important aspect of monitoring grantee performance, because it changes the requirements of the grant established by the notice of award. As part of the application process, project officers may recommend that the grants management office set a special condition on the grant award, which is lifted when the grantee meets the condition. We found that not all project officers are involved in the process of setting special conditions of award.

Seven of the eight Title I project officers report that they submit recommendations such as setting a special condition to the grants management office, which generally “trusts our professional judgment and usually follows our lead.” In contrast, only one of the nine Title II project officers report that they make recommendations to this office. In fact, three Title II project officers suggest that they are not involved in the process or that their comments do not have any bearing on special conditions that are set. Further, our documentation review shows that six of the eight Title I project officers had documentation about setting a condition of award, and none of the nine Title II project officers had such documentation.

## **Project officers, however, do report having frequent contact with grantees**

A key responsibility of project officers is to maintain constant contact with grantees. Both Title I and Title II project officers report having frequent contact with grantees, primarily through telephone calls and electronic mail. Almost all project officers report discussing the grant with each of their grantees at least monthly, and often more frequently. Project officers also report that they have more frequent contact with grantees that have issues or problems. Grantees generally confirm project officers’ responses. Fifteen of the 20 selected grantees report discussing the grant with the project officer at least monthly. Five of the grantees say that their contact has been less frequent and more sporadic.

Fourteen of the 17 project officers note that frequent communication is what they rely on to know whether a grantee is misusing funds. They explain the importance of talking to

various people involved in the grant, following up on any complaints, and encouraging those involved to discuss any problems.

### **Title I and Title II project officers do not focus on grantees' monitoring of subgrantees**

Since there is no written standard governing project officer review of subgrantees, we asked the 17 project officers how they monitored subgrantee activity. We found that only five project officers report that they routinely review documentation that subgrantees submit to the grantee. Project officers more commonly note that they review site visit reports, contracts, corrective action plans, and/or audits conducted by the grantee, but only when they go on-site or when there is a problem. Only two project officers specifically mention that they review the protocols that grantees use to monitor their subgrantees, and one mentions conducting a record review of a sample of case files. Additionally, 7 of the 20 selected grantees say that their project officer reviews any documentation about how they monitor their subgrantees.

At the same time, 16 of the 17 project officers generally believe that grantees' monitoring of subgrantees is at least somewhat effective. Five of these project officers add that grantees are bound by State or city regulations and/or have good reporting and monitoring systems in place. However, four comment that oversight is mixed, and that grantees' monitoring of subgrantees varies.

### **Neither Title I nor Title II project officers can describe a standard corrective action process**

Corrective actions are the monitoring plans or technical assistance provisions created by the awarding agency in response to grantee vulnerabilities identified through monitoring. Our document review found that none of the project officers had corrective action plans for any of the 20 selected grantees. We did not determine whether there was a need for a corrective action to be put in place; however, we are aware that at least one grantee had issues that would warrant corrective actions. In total, Title II project officers report that none of their 21 grantees that they currently monitor have corrective action plans, while Title I project officers report they have corrective action plans for a total of 5 of the 38 grantees that they currently monitor.

Based on our discussions, neither Title I nor Title II project officers could describe a standard corrective action process. Seven of the nine Title II project officers were unable to describe a corrective action process at all. Title I and Title II project officers commonly report that they have not used a corrective action and do not have experience with the process. The Title I project officers were inconsistent in their descriptions and offered explanations, including technical assistance to formal letters with timelines for correcting potential vulnerabilities.

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## **HRSA provides limited support to project officers to systematically monitor grantees**

### **Little guidance is provided on how project officers should monitor**

The HIV/AIDS Bureau provides little guidance to project officers about how to specifically monitor Title I and Title II grantees. We found that, beyond the HIV/AIDS Bureau project officer position description and the site visit protocol discussed below, there are no specific guidelines for how project officers should monitor. Further, project officers have differing ideas about their role, particularly regarding the monitoring of fiscal information and the monitoring of subgrantees. As a result, project officers monitor grantees differently, depending upon their skills, competency, expertise, and commitment.

Specifically, 4 of the 17 project officers note that more standardization and guidance would be helpful. They state that setting standards and more explicit guidelines would allow monitoring to be applied more consistently. One of the four project officers suggests that guidelines would be particularly useful if they describe how grantees should monitor subgrantees and how project officers should monitor grantees' fiscal performance.

Further, we found that the site visit protocol for Titles I and II, which provides some guidance regarding how project officers should conduct site visits, could be more specific. The protocols have a list of questions to indicate whether there is evidence that the grantee has certain internal controls in place. For example, it confirms whether the grantee has defined program and fiscal administrative responsibilities, and whether the grantee has provided an organization chart. The protocols do not provide guidance on which documents to review on-site or how to assess how the grantee is actually implementing its policies and procedures. Seven of the 17 project officers suggest that the site visit standards and protocols should be revisited, to perhaps make them more prescriptive and better tools for project officers to uncover underlying grantee issues.

### **No ongoing training is offered for project officers**

Project officers do not receive ongoing training on how to monitor their grantees. Six project officers comment that HRSA could provide more training to make monitoring more effective. One notes that project officers are mostly self-taught, and that they are not given guidance. Another project officer suggests that they could use training about how to ask questions that better investigate what grantees are doing and to identify potential problems. Three project officers comment that promoting more exchange of information between project officers would be valuable.

HRSA officials also recognize the need to enhance training. As one official notes, project officer training needs to be updated and focused on core issues as well as program specific issues. The official further notes the need to standardize and make the information that project officers provide to grantees consistent, so that they will represent the agency with a single voice. Another official reports that project officer training needs to be improved, specifically focusing on closer contract monitoring and attention to detail.

## **HRSA has initiated few corrective actions**

Interviews with HRSA officials indicate that the HIV/AIDS Bureau does not frequently initiate corrective actions (other than providing technical assistance) for grantees that fail to meet requirements. HRSA officials on only two occasions have sent a letter to the chief elected official of the grant addressing their non-compliance. In addition, for only two grantees have they ever restricted the drawdown of the grant funds.

Interviews with project officers provide additional evidence that the Bureau is reluctant to take action against grantees when there is a problem. Seven of the 17 project officers express this concern. As one project officer comments, the Bureau sees its role as collaborative and does not believe it has any authority to enforce compliance with grant requirements. Another project officer notes that “we receive little support when we find something wrong.” One grantee further notes that there is little follow up and no real consequences if a grantee is doing something wrong.

## **Little continuity exists among project officers**

Six of the 20 grantees note that there is a high turnover rate among project officers, and that turnover hinders monitoring. One grantee explains that it has had five project officers in the past 4 years, while another mentions going a number of months without a project officer. A third adds that they do not know their current project officer. Grantees commonly note that continuity is important to understanding the complexities of the grant and is key to effective monitoring. Additionally, two HRSA officials note that the turnover rate is particularly high for Title II project officers, making monitoring difficult.

Little continuity also exists between Title I project officers and the grantees they monitor. We found that these project officers are rotated among grantees every 2 years, making it unlikely that they ever conduct two monitoring site visits of the same grantee. Three project officers from both Titles suggest that more contact with the prior project officer of the grant would help compensate for the lack of continuity.

## **Coordination between Title I and Title II project officers is limited**

Prior to December 2002, Title I and Title II were managed differently, which made coordination between project officers difficult. Title I project officers were located in a central office and were typically responsible for only Title I grantees. They generally monitored between 4 and 5 grantees and reported that they spend almost 100 percent of their time on Title I grantees. In contrast, Title II project officers were located in the regions and were responsible for a number of other programs, including Health Centers, National Health Service Corps, State Primary Care, Maternal and Child Health Block Grants, and Community Access Programs. Title II project officers typically managed between 1 and 6 Title II grantees and reported that they spend between 5 and 20 percent of their time on Title II grantees.

Twelve of the 17 project officers confirm that they do not coordinate their monitoring activities in any way with the project officers from the other Title. Although the two Titles often fund the same subgrantees and have overlapping geographic areas, there is little communication between project officers. As one project officer comments, “the two programs are very disconnected and there are turf issues.” A HRSA official notes that coordination between headquarters and Title I and Title II and ADAP does not happen very often and needs attention.

# RECOMMENDATIONS

The findings are based on documents from 10 Title I and 10 Title II grantees and interviews with project officers who are responsible for 38 of the 51 Title I grants and 21 of the 54 Title II grants. These findings indicate that HRSA needs to strengthen its oversight of Title I and Title II grantees. We are aware that since this inspection was conducted, HRSA has consolidated its grants management offices, relocated most Title II monitoring responsibilities from regional offices to headquarters, and redefined the Office of Field Operations as the Office of Performance Review. These changes may better position the agency to address the following recommendations. Specifically, we recommend that HRSA:

- Specify and enforce standards and guidelines for how project officers should monitor grantees
- Address ongoing training for project officers
- Standardize a corrective action process and address grantee issues more formally
- Increase frequency and comprehensiveness of site visits
- Improve project officer continuity
- Improve coordination between Title I and Title II oversight staff

## Agency Comments

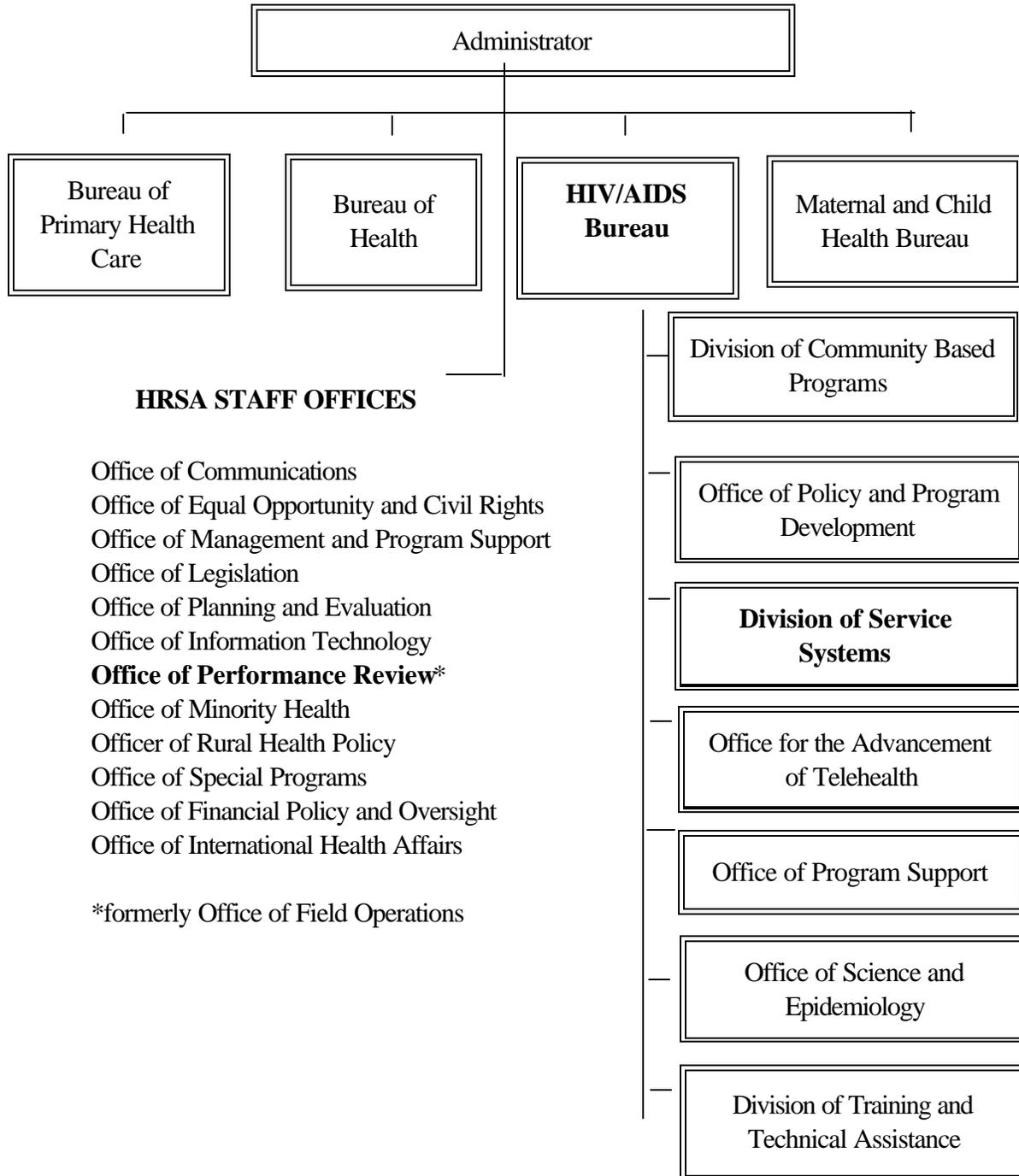
We received comments on our draft report from HRSA. The full text of these comments can be found in Attachment C. HRSA concurs with our recommendations, and adds that significant administrative changes have occurred since this inspection was conducted. These changes may better position the agency to address the grantee monitoring activities discussed in this report.

HRSA also describes several concerns with this report. In general, HRSA is concerned that the report does not distinguish between HRSA and the HIV/AIDS Bureau, the agency directly responsible for administering the Ryan White CARE Act. At the time data were collected, Title I grantees were monitored from the HIV/AIDS Bureau in the Rockville headquarters office, while Title II grantees were monitored from the Office of Field Operations in regional offices and outside of the HIV/AIDS Bureau. Instances where we address HRSA are meant to include both the HIV/AIDS Bureau and the Office of Field Operations. Additionally, HRSA is concerned that the report does not distinguish

between Title I and Title II project officers. We do make distinctions in the report between the two, however, where differences were apparent in the data analysis.

Finally, HRSA is concerned that our report does not address the role of the Grants Management Officer in monitoring CARE Act grants, adding that administrative restructuring of the Grants Management Office occurred in October 2003. We note in the report that the scope of our inspection is limited to the role of the project officer, and agree that the Grants Management Officer perspective would provide a more complete evaluation. However, during an interview conducted as part of the study design we were told that the office would be consolidated in June 2002. This interview was conducted in December 2001, and the decision to limit the scope of the inspection was made at that time.

**HRSA/HAB ORGANIZATIONAL STRUCTURE**



## OIG Grants Oversight Framework

### Requirements

- What performance and financial requirements has the Operating Division developed for the grantee?
- Do grantees receive the performance and financial requirements?
- Do grantees fully understand the performance and financial requirements?

### Reports

- Are performance and financial reports received in a timely manner?
- Are performance and financial reports clearly presented and complete?
- Are audits completed in a timely fashion?
- Is the Operating Division sharing reports, as appropriate, with the Department and Office of Audit Services?

### Reviews

- Has the Operating Division designated responsibilities for the grants management and program officers?
- Are performance and financial reports reviewed in a timely fashion?
- Are there criteria for evaluating performance and financial reports?
- How is information in performance and financial reports verified?
- Are site visits conducted on schedule, with standard guidelines?
- What other contact/communication is there between grantee and Operating Division?

### Enforcement

- What enforcement authority does the Operating Division have?
- Are there standards for addressing identified problems?
- What actions has the Operating Division taken to address problems with grantees?

## Agency Comments

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In this appendix, we present the full text of comments from the Health Resources and Services Administration (HRSA).



FEB 27 2004

TO: Dara A. Corrigan  
Acting Principal Deputy Inspector General  
Office of Inspector General

FROM: Administrator

SUBJECT: Office of Inspector General's Draft Report: "Monitoring of Ryan White CARE Act Title I and Title II Grantees" (OEI-02-01-00640)

Thank you for the opportunity to provide comments on the above subject draft report. Attached please find our response.

Questions may be referred to Gail Lipton in HRSA's Office of Financial Policy and Oversight at (301) 443-6509.

IG	_____
EAIG	_____
PDIG	_____
DIG-AS	_____
DIG-EI	_____
DIG-OI	_____
DIG-MP	_____
DCIS	_____
ExecSec	_____
Note Sent	3-19

*Betty James Duke*  
Betty James Duke

RECEIVED  
2004 MAR 19 11:20:23  
OFFICE OF INSPECTOR  
GENERAL

Attachment

**Health Resources and Services Administration's Comments on the Office of Inspector General's Draft Report: "Monitoring of Ryan White CARE Act Title I and Title II Grantees" (OEI-02-01-00640)**

**General Comments**

Health Resources and Services Administration's (HRSA) Division of Service Systems (DSS) HIV/AIDS Bureau, appreciates the time and effort which the Office of Inspector General (OIG) staff expended in completing this report. Nevertheless we are seeking clarification with regard to several items within the report findings.

Though the report clarifies during the audit period which organization (DSS/HIV/AIDS Bureau or Office of Performance Review (OPR) regional divisions) is responsible for directing the grants, in some areas of the report there are not clear distinctions between Title I and Title II Project Officers. This distinction is important because in many areas within the report a number of findings and recommendations are noted that relate to the specific monitoring functions of Title I or Title II grants.

In addition, HRSA requests a breakdown of the findings by Title I and Title II in order to better understand and address the issues raised by the OIG. The two programs have different statutory requirements and operate separately because of the Government entities who receive the funds; therefore, the oversight roles vary and are not always comparable. In other words, how a Project Officer would address a problem or review an application could vary in the Title I or Title II programs. At times, the OIG also uses HIV/AIDS Bureau and HRSA interchangeably when referencing documents or requirements. In the first comment above, we would like that clarified so we could better understand the findings and address them.

While it is acknowledged as a limitation in this draft working report (page 7), a key point that the OIG did not address is the grants management specialists' role in monitoring the grantees' fiscal performance. The OIG explanation was that the restructuring of the grants management office in HRSA precluded their review. However, up until October 1, 2003, the Grants Management Office has been the same. It needs to be clarified throughout the report that the Project Officers' oversight role, especially involving critical financial matters, involves a close working relationship with the grants management office. The Health and Human Services (HHS) Grants Administration Manual (GAM) outlines the role of Project Officers as program officials who are concerned with programmatic, scientific, and/or technical aspects of grants programs. Grants management staff are concerned with the business management aspects of grant programs.

**OIG Finding:**

- Title I and Title II Project Officers are not adequately monitoring the twenty selected grantees.
- Project Officers do not consistently have grantees's required progress reports or prepare grantee status reports.

**HRSA Response:**

During the period of review for this report, the Grants Management Office was actively involved in monitoring draw downs and expenditures. Each year of the Title I and Title II projects were listed separately in payment management. This was done deliberately to make it easier for tracking purposes.

In reviewing the OIG's findings under this heading, there is not a clear distinction as to which fifteen (Title I or Title II) Grantee Status Reports, (GSR) were or were not available.

The grantee status report is not a HRSA required reporting document. The GSR was instituted by the DSS in late 1998 in order to provide senior managers with information regarding the status of the Title I and Title II grants. Initially, the reports were submitted monthly. Subsequently, the submission period was revised to a bi-monthly reporting status. Both Title I and Title II Project Officers were required to submit reports. Submission of the reports was suspended after the HIV/AIDS Bureau began to pursue development of a computer based project monitoring system that can be used across the Bureau. However, implementation of a computer based monitoring system has been delayed; consequently DSS has reinstated the grantee status reports.

**OIG Finding:**

- Project Officers report limited monitoring of grantees' fiscal performance.

**HRSA Response:**

Grants awarded to Title I and Title II grantees are provided to local or county governments and State governments respectively. Local and State governments are required to submit annual audits under the OMB A-133 circular single audit reporting requirement. A-133 audits are sent initially to the Federal Audit Clearing House, Jeffersonville, Indiana, where they are initially reviewed. If an audit contains a finding related to HHS funds, the audit is referred to the HHS audit resolution staff in Kansas City who work in conjunction with staff at HHS headquarters to resolve all audit issues. A-133 audits are not as a standard practice shared with Project Officers. In FY 2002 copies of the A-133 audits for Title I and II CARE Act grantees were submitted to the Grants Management Office for their records. In subsequent years, the GMO has indicated that they will no longer seek copies of the A-133 audits. HRSA's Office of Financial Policy and Oversight receives copies of A-133 audit

reported for HRSA grantees. When a problem is detected HRSA audit resolution staff is involved and if necessary will involve program staff in the resolution process.

HRSA's review of audit coverage of FY 2000 awards under Titles I and II indicates that we received audits on all but 3 of the 109 grantees. Under Title I, 16 out of 50 grantees had audits with 34 findings total. Over half of these findings were contained in 5 of the reports. Under Title II, 16 out of 59 had audits with 30 findings in total. Over two-thirds of the findings were contained in 8 reports.

**OIG Finding:**

- Not all Project Officers use the grantee application as a monitoring tool.

**HRSA Response:**

HRSA accepts this finding that the grant application as a monitoring tool is not consistently utilized by Project Officers. However, all Project Officers review the grant applications in order to recommend continued funding.

**OIG Finding:**

- Project Officers do not routinely conduct monitoring site visits, and therefore, do not verify information provided by the grantees.

**HRSA Response:**

HRSA's HIV/AIDS Bureau has requested and received approval for all reasonable site visit travel to Title I and Title II/ADAP grantees. In reviewing the OIG finding for its sample, HRSA would like to point out that some of the grantees in the sample may have been scheduled for a site visit during the period after the OIG review.

Of the sample of Title I grantees identified on page five of the draft report, Los Angeles, CA, Atlanta, GA, Minneapolis, MN, Philadelphia, PA, New York, NY, Kansas City, MO, Norfolk, VA and Las Vegas, NV were visited in 2002. Of the Title II sample, CA, GA, PA, NY, MA and SC were visited in 2002. Alabama was visited in 2001.

In addition, although site visit reports were not available for all of the grantees in this audit, during the period 2000 through 2002, Title I Project Officers and AIDS Drug Assistant Program (ADAP) Project Officers conducted a total of 68 site visits. [HRSA can provide documentation of these trips if needed.]

With respect to future site visits, in 2003, HRSA restructured its program and grants management functions to make more efficient use of its organizational resources while improving the overall quality of the services provided by its grantees. Under the new structure, the Office of Performance Review (OPR) will serve as the agency's focal point for

reviewing and enhancing the performance of HRSA-supported programs within communities and States.

Currently, HRSA awards grant funds to approximately 3,000 grantee organizations across the country. Over time, it is expected that every HRSA grantee will be comprehensively reviewed by a team of experts from one of OPR's ten regional divisions. When an organization is funded by more than one HRSA grant, all of the HRSA funded programs within that organization will be reviewed during the same review cycle.

**OIG Finding:**

- **Title II Project Offices are not involved in the process of setting special conditions to address vulnerabilities.**

**HRSA Response:**

With the recent HRSA restructuring, program monitoring responsibility for Title II has been transferred back to the HIV/AIDS Bureau within HRSA central offices. The Project Officers have responsibility for Title I and Title II grants within the same State which will greatly improve coordination between the two grants as well as the process for setting special conditions to address vulnerabilities. Also, ADAP Project Officers coordination is significantly increased with Title II grants directed in the same location.

**OIG Finding:**

- **Project Officers however, do report having frequent contact with grantees.**

**HRSA Response:** We concur with this finding.

**OIG Finding:**

- **Neither Title I nor Title II Project Officers can describe a standard corrective action plan.**

**HRSA Response:**

Project Officers have a limited array of activities that can be construed as corrective action tools. Project Officers can, as an initial step, after apprising a grantee of deficiencies, write a formal letter requesting that the grantee address the deficiency. If this fails the Project Officer through their supervisor can request that the Division Director follow up with another letter or a teleconference. Moreover, it is not unusual for the Division Director or the Deputy Director to make a site visit to meet with the grantee. Such a visit is followed by formal correspondence requesting action.

An intermediate corrective action can include the imposition of Special Conditions of Award (SCOA) which are included as part of the notice of grant award. This document is an official notice and as such the grantee must comply with conditions by the due date or face other sanctions. Another corrective action is the imposition of "restrictive draw down status." Under this action cash payments to the grantee can be restricted or limited pending resolution of the deficiency. Following these steps the next level of action is to recommend not funding the grantee. HRSA's HIV/AIDS Bureau has done this in two occasions. It must be noted that the impact of withholding or refusing to fund an Eligible Metropolitan Area (EMA) or State would cause a serious disruption in providing HIV/AIDS care and treatment services within the respective jurisdiction.

#### **OIG Finding:**

- ❑ **HRSA provides limited support to Project Officers to systematically monitor grantees.**
- ❑ **Little guidance is provided on how Project Officers should monitor.**

#### **HRSA Response:**

DSS provides all new Project Officers with several documents as background materials that they must become familiar with, including Title specific manuals, copies of DSS and HIV/AIDS Bureau policies and general information materials. New Project Officers are teamed with a more experienced Senior Project Officer who acts as a mentor. In addition, Project Officers are required to take the DHHS approved Basic Project Officer training course, which is mandated by HRSA. Many Project Officers have also taken additional courses including Orientation to Grants Management, Grants Management Process and Authorities and Advanced PO training. During FY 2001 DSS held a series of brown bag lunch training sessions specifically for DSS Project Officers to acquaint them with the changes to the reauthorized CARE Act.

With regard to Title II Project Officers, DSS identified a Title II liaison that traveled to five regional offices providing two days of on site training to staff within the regions assigned to monitor Title II grants. Following the initial training, several trips were made by the Title II liaison to train new Title II Project Officers in the field. Monthly video conferences were also held with regional offices to provide information and to foster communications.

HIV/AIDS Bureau and OPR are in the process of revising the grantee site visit protocol to make clear what documents should be reviewed on site. Since primary site visit responsibility for all HRSA grants has been transferred to the Office of Performance Review, HIV/AIDS Bureau is currently working with OPR and providing input on a new site visit protocol document.

**OIG Finding:**

- **No ongoing training is offered for Project Officers.**

**HRSA Response:**

HIV/AIDS Bureau is in the process of developing a new training curriculum for all Project Officers.

**OIG Finding:**

- **HRSA has initiated few corrective actions.**

**HRSA Response:**

This issue has been addressed under the 7<sup>th</sup> OIG finding in this document. Nevertheless, HRSA has a number of actions which are components of a corrective action strategy or plan. HIV/AIDS Bureau will formalize these actions into a single corrective strategy and train all Project Officers regarding their use.

**OIG Finding:**

- **Little continuity exists among Project Officers.**

**HRSA Response:**

HIV/AIDS Bureau believes that this finding relates primarily to the turnover of Project Officers within the regional offices. With the transfer of the Title II grants to HIV/AIDS Bureau, the same Project Officers will now have the dual responsibility for monitoring both Title I and Title II grants. It should be noted that prior to the transfer Title II monitoring responsibilities to the regional offices, project officers within DSS monitored both Title I and II grants. Many of the Title I grants were located within the same State assigned to a Project Officer. This afforded not only continuity but also better coordination between Title I and II grantees within a single State.

With respect to headquarters, between 1999 and the present, HIV/AIDS Bureau lost a total of four project officers and a Chief of the Eastern Services Branch. Of the four Project Officers, three stayed with HIV/AIDS Bureau for less than one year, which necessitated a transfer of their grant assignments to remaining Project Officers. DSS attempts to hire three new experienced Title I and II Project Officers and replace its vacant Branch Chief Position were not successful. However, DSS did receive two new Junior Level Project Officers with limited ability to take on no more than 3 to 4 grants, which means that existing project officers have had to increase their workload.

**OIG Finding:**

- **Coordination between Title I and Title II Project Officers is limited.**

**HRSA Response:**

With the recent HRSA reorganization, program monitoring responsibility for Title II has been transferred back to the HIV/AIDS Bureau within HRSA's central offices. The Project Officers have responsibility for Title I and Title II grants within the same State, which will greatly improve coordination between the two grants. Also, ADAP Project Officers' coordination is significantly increased with Title II grants directed in the same location.

**OIG Recommendation:**

- **Specify and enforce standards and guidelines for how Project Officers should monitor grantees.**

**HRSA Response:**

HRSA concurs with this recommendation. HRSA's HIV/AIDS Bureau has been in the process of developing an information system for Project Officers to assist with monitoring grant activities. Currently the system is being tested. This process will be accelerated to assure that all Project Officers are performing monitoring activities consistently. HRSA's HIV/AIDS Bureau hopes to have this system fully operational for use by March 1, 2004.

**OIG Recommendation:**

- **Address on-going training for Project Officers.**

**HRSA Response:**

HRSA concurs with this recommendation and will expedite efforts that are already underway to improve the quality and content of Project Officer training. DSS offers program specific training for all Title I and II grants. In addition, DSS will take necessary actions to insure all current and any new Project Officers receive both the Basic Project Officer course and the Grants Management Process and Authorities course. DSS will review and modify all materials used by Project Officers to include greater specificity regarding project monitoring tasks.

**OIG Recommendation:**

- **Standardize a corrective action process and address grantee issues more formally.**

**HRSA Response:**

HRSA concurs with this recommendation and will develop a corrective action strategy that clearly identifies corrective actions in a sequential process, so that all Project Officers are aware of what steps they can take to address deficiencies within their grants.

**OIG Recommendation:**

- **Increase frequency and comprehensiveness of site visits.**

**HRSA Response:**

In 2003, HRSA restructured its program and grants management functions to make more efficient use of its organizational resources while improving the overall quality of the services provided by its grantees. Under the new structure, the Office of Performance Review (OPR) will serve as the agency's focal point for reviewing and enhancing the performance of HRSA-supported programs within communities and States.

As currently projected, OPR will be conducting approximately 500 grantee performance reviews annually. The primary purpose of OPR performance reviews is to analyze the key factors associated with the successful performance of HRSA programs and assist grantees in their efforts to perform successfully and achieve the best possible results.

At the completion of the performance review, grantees can expect to receive a thorough, comprehensive analysis in six essential performance areas: results and outcomes; organizational structure and capacity; outreach and consumer satisfaction; business and financial management; leadership and strategic planning; and partnerships. Grantees will also be provided with a report of key findings, which includes strengths and areas for improvement and a set of recommendations for performance enhancement. They will in addition receive HRSA supported technical assistance, when necessary, to improve performance.

**OIG Recommendation:**

- **Improve Project Officer Continuity.**

**HRSA Response:**

HRSA's HIV/AIDS Bureau believes that the finding of the OIG, which led to this recommendation, is based primarily on experiences related to regional Project Officers

located in HRSA field offices. With the transfer of Title II monitoring responsibilities back to the HRSA Central Office (DSS/HIV/AIDS Bureau) staff this problem should be rectified. HIV/AIDS Bureau has established a policy in which a Project Officer will be assigned a grant for a minimum of three years.

**OIG Recommendation:**

- **Improve coordination between Title I and Title II oversight staff.**

**HRSA Response:**

With the transfer of monitoring oversight of the Title II program back to the Central office staff in Rockville, a single Project Officer will assume responsibility for monitoring both the Title I and Title II grants. HIV/AIDS Bureau has made every effort to assign grants in such a manner as to have a single Project Officer monitoring Title I grants which are located in the Title II State which they also monitor. Having a single Project Officer for both the Title I and Title II grant was standard practice prior to FY 2000 and resulted in better coordination across both Titles.

# ACKNOWLEDGMENTS

This report was prepared under the direction of John I. Molnar, Regional Inspector General for Evaluation and Inspections in New York, and Jodi D. Nudelman, Assistant Regional Inspector General. Other principal Office of Evaluation and Inspections staff who contributed include:

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Alan Levine, *Program Specialist*