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California Used CARES Act Funds for Unallowable Nutrition Services Program Expenditures

Why OIG Did This Audit

- The COVID-19 pandemic created extraordinary challenges for the delivery of health care and human services to the American people. Because older individuals were at a higher risk of hospitalization and death from complications of COVID-19, the CDC advised those individuals to minimize their in-person interactions with the general public, which increased the need for home-delivered meals.
- In response to the pandemic, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to provide expedited, direct economic assistance to Americans. The HHS's Administration for Community Living (ACL) awarded California about \$50.2 million in CARES Act funds for the Older Americans Act (OAA) Nutrition Services Program.
- This audit examined whether California used CARES Act funds for the OAA Nutrition Services Program in accordance with Federal and State requirements.

What OIG Found

California did not use CARES Act funds for the OAA Nutrition Services Program in accordance with Federal and State requirements, or the documentation was not sufficient to make a determination.

- CARES Act funds were claimed for expenses that were unallowable or that were not supported with documentation maintained by the Area Agencies on Aging (AAAs) local service provider, such as supplies, rent, consulting, and food items. In addition, the AAAs or local service providers could not always provide adequate support for us to determine whether expenses claimed under the CARES Act were allowable.
- California did not effectively safeguard CARES Act funds by minimizing the time between the advanced payment of funds to AAAs and their disbursement of funds for direct program costs.

We reviewed a stratified sample of 100 transactions and, on the basis of our sample results, we estimated that California claimed unallowable costs under the CARES Act totaling at least \$1.1 million. We are setting aside an estimated \$2.5 million in claimed costs for ACL resolution associated with items that did not have adequate support.

What OIG Recommends

We made four recommendations to California, including that it refund the \$1.1 million identified in our report as unallowable and work with ACL to determine the allowability of the estimated \$2.5 million in set-aside costs. The full recommendations are in the report.

California did not indicate concurrence or nonconcurrence with our recommendations but outlined actions that it has taken and plans to take to address our findings.