

Report in Brief

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U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL



Why OIG Did This Audit

In response to the unprecedented crisis of COVID-19, Congress appropriated approximately \$2 billion for supplemental grant funding to the Health Resources and Services Administration (HRSA) Health Center Program. HRSA awarded this supplemental grant funding to health centers and made the funds immediately available to help vulnerable populations and underserved communities detect, prevent, diagnose, and treat COVID-19. This audit is part of the OIG's COVID-19 response strategic plan.

Our objective was to determine whether selected health centers used their COVID-19 supplemental grant funding in accordance with Federal requirements and grant terms.

How OIG Did This Audit

Our audit covered COVID-19 supplemental grant funding totaling \$70,305,389 awarded during fiscal year 2020 to 30 selected health centers. We judgmentally selected these health centers for audit based on their geographic location, financial risk level, and grant award amounts. For each of the sampled health centers, we interviewed financial and program officials and reviewed financial documentation and other records.

Seventeen of Thirty Selected Health Centers Did Not Use or May Not Have Used Their HRSA COVID-19 Supplemental Grant Funding in Accordance With Federal Requirements

What OIG Found

Seventeen of the 30 selected health centers did not use or may not have used a portion of their COVID-19 supplemental grant funding in accordance with Federal requirements and grant terms. Specifically, 10 health centers charged unallowable costs totaling \$787,152 and 13 health centers may not have properly allocated salary and fringe benefits costs totaling \$15,056,835 to their COVID-19 supplemental grant funding. (The total exceeds 17 because 6 health centers had more than 1 deficiency.) These funds could have been used to support health centers' activities related to COVID-19 response, including providing essential testing services to monitor and suppress COVID-19.

These deficiencies occurred because health centers did not always follow HRSA's guidance for financial management systems and internal controls to ensure that only allowable, allocable, and documented costs were charged to their COVID-19 supplemental grant funding.

What OIG Recommends and HRSA Comments

We made a series of recommendations to HRSA, including that it require health centers in our sample to refund unallowable and improperly allocated costs to the Federal Government. In addition, we recommended that HRSA assist the 17 health centers to implement HRSA's guidance for developing and maintaining financial management systems and internal controls that ensure only allowable, allocable, and documented costs to their HRSA supplemental grant funding.

In written comments on our draft report, HRSA partially concurred with our recommendations and described actions it plans to take to address them. HRSA stated that it is committed to reviewing health centers' documentation and following up on those claims that can be substantiated, and will work with the identified health centers to resolve any issues. We maintain that our findings and recommendations are valid and acknowledge HRSA's efforts to ensure appropriate use and oversight of COVID-19 supplemental grant funding.