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

Heluna Health May Not Have Used California's CDC COVID-19 Funds in Accordance With Award Requirements

Why OIG Did This Audit

Congress approved COVID-19 funding to the Centers for Disease Control and Prevention (CDC) for its Epidemiology and Laboratory Capacity (ELC) program to provide support for response activities. CDC used its ELC cooperative agreement (award) to distribute significant amounts of its COVID-19 funding to existing recipients, including Public Health Foundation Enterprises, doing business as Heluna Health (Heluna Health).

COVID-19 has created extraordinary challenges for the delivery of health care and human services to Americans. As the oversight agency for HHS, the Office of Inspector General (OIG) oversees HHS's COVID-19 response and recovery efforts. This audit is part of our COVID-19 response strategic plan.

Our objective was to determine whether Heluna Health used its CDC COVID-19 funding in accordance with award requirements.

How OIG Did This Audit

Our audit covered $588 million in CDC ELC COVID-19 expenditures that Heluna Health claimed between March 2020 and September 2021. We selected a stratified random sample of 146 line items totaling $561.7 million. We sent questionnaires to Heluna Health, interviewed officials from CDC and Heluna Health, and reviewed and analyzed documentation we received to support each sample item.

What OIG Found

Heluna Health may not have used its COVID-19 funding in accordance with award requirements. For 139 of the 146 sample items we reviewed, costs charged to the award were generally in compliance with award requirements; however, 3 were not. Specifically, for three sample items, Heluna Health did not maintain adequate documentation to support the costs claimed and some costs were not consistent with award purposes. These errors occurred because Heluna Health did not require the California Department of Public Health (CDPH) to submit underlying support documentation for costs claimed for reimbursement. As a result, we found that Heluna Health claimed $3,585,834 in unallowable costs.

In addition, for four sample items, Heluna Health disbursed advances to CDPH for start-up costs to local health jurisdictions (LHJs). Because adequate documentation to support these advances was not provided, we have no assurance these costs totaling $366,850,858 were used specifically to support the ELC COVID-19 award.

What OIG Recommends and Heluna Health Comments

We recommend that Heluna Health (1) refund $3,585,834 to the Federal government; (2) develop and implement a policy that requires CDPH to provide support documentation for costs; and (3) work with CDC to determine the allowable portion of $366,850,858 related to LHJ start-up costs and refund to the Federal Government any unallowable amount. The full list of recommendations is contained within the report.

In written comments to our draft report, Heluna Health did not concur with our recommendations. Instead, Heluna Health described the actions it has taken or will take to address our three recommendations. Specifically, Heluna Health stated it will (1) provide supporting documentation to and work with CDC to explain the allowability of the costs we determined unallowable; (2) develop and implement a documentation policy to address allowability and allocability of costs; and (3) work with CDC to explain the costs covered by the advances to the LHJs.

The full report can be found on the OIG website.