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Part IV

Public Health and Human Services Reviews and Other HHS-Related Issues

Public Health Reviews

Centers for Disease Control and Prevention

President's Emergency Plan for AIDS Relief Funds

RECIPIENTS' USES OF PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF (PEPFAR) FUNDS WERE NOT ALWAYS MONITORED IN ACCORDANCE WITH DEPARTMENTAL AND OTHER FEDERAL REQUIREMENTS. Although the Centers for Disease Control and Prevention (CDC) performed some monitoring, most of the award files we reviewed did not include all required documents or evidence to demonstrate that all cooperative agreements were monitored to the extent required. Of the 30 cooperative agreements in our sample, only 1 file contained all required documents. To ensure proper stewardship over PEPFAR funds, we recommended that CDC follow departmental and other Federal requirements in monitoring recipients' use of such funds. PEPFAR strengthens health systems and builds sustainable human immunodeficiency virus (HIV) and acquired immunodeficiency syndrome (AIDS) programs in more than 75 countries in Africa, Asia, Central and South America, and the Caribbean. The Department of Health & Human Services (HHS) receives PEPFAR funds from the Department of State through a memorandum of agreement.

2011 JUN *Review of the Centers for Disease Control and Prevention's Oversight of the President's Emergency Plan for AIDS Relief Funds for Fiscal Years 2007 Through 2009.* A-04-10-04006. [Web Summary](#). [Full Text](#).

Shelf-Life Extension Program

OF 17 DRUG LOTS WE REVIEWED THAT WERE ELIGIBLE FOR THE SHELF-LIFE EXTENSION (SLEP) PROGRAM, 9 WERE EITHER DESTROYED OR RETURNED TO THE DRUG MANUFACTURER FOR CREDIT BY CDC. THE FOOD AND DRUG ADMINISTRATION (FDA) TESTED THE REMAINING DRUG LOTS AND EXTENDED THEIR STOCKPILE EXPIRATION DATES. The Strategic National Stockpile contains significant amounts of pre-positioned drugs for use in responding to emergencies throughout the United States. The SLEP is a joint Department of Defense (DoD) and FDA program that was created to enable DoD to defer drug replacement costs by delaying the replacement of certain drugs that have useful lives beyond their expiration dates. This report contains no recommendations.

2011 AUG *Audit of the Centers for Disease Control and Prevention's Shelf-Life Extension Program.* A-04-11-01001. [Web Summary](#). [Full Text](#).

Food and Drug Administration

Monitoring of Imported Food Recalls

BECAUSE FDA’S FOOD RECALL GUIDANCE IS NONBINDING ON THE INDUSTRY, FDA CANNOT COMPEL FIRMS TO FOLLOW IT. THEREFORE, FDA CANNOT ENSURE THE SAFETY OF THE NATION’S FOOD SUPPLY. We reviewed 17 of 40 Class I recalls of imported food products conducted from July 1, 2007, through June 30, 2008. We found that firms did not promptly initiate recalls, their recall strategies were not submitted to FDA or were incomplete, they did not issue accurate and complete recall communications to their consignees, and they did not submit timely and complete recall status reports. FDA did not always follow its own procedures. It did not always conduct inspections of firms, obtain complete information on the contaminated products, conduct timely or complete audit checks of consignees, review recall strategies, promptly issue notification letters to firms conveying the review results and other essential instructions, witness the disposal of the products, or obtain the required disposal documentation. We recommended that FDA consider the results of this review in implementing the FDA Food Safety Modernization Act (signed in January 2011) and follow its procedures for monitoring recalls.

2011 JUN *Review of the Food and Drug Administration's Monitoring of Imported Food Recalls.*
A-01-09-01500. [Web Summary](#). [Full Text](#).

Health Resources and Services Administration

Ryan White Funding and Payer-of-Last-Resort Requirement

FIVE OF 9 STATES WE REVIEWED CLAIMED UNALLOWABLE GRANT COSTS TOTALING \$33.4 MILLION BECAUSE THEY DID NOT COMPLY WITH PAYER-OF-LAST-RESORT OR ELIGIBILITY REQUIREMENTS. The Ryan White Comprehensive AIDS Resources Emergency Act of 1990 (CARE Act) provides funding, referred to as “Ryan White” funds, for health care and support services for people who have HIV/AIDS and who have no health insurance or are underinsured. The HHS Health Resources and Services Administration (HRSA) administers the CARE Act. States may not use Ryan White funds to pay for items or services provided to medically or financially ineligible individuals or individuals that are eligible for coverage by other health insurance (Medicaid and other public or private health insurance plans). Our recommendations to HRSA included requiring States to identify Ryan White clients who obtain Medicaid coverage, to process retroactive Medicaid claims for individuals eligible for Medicaid at the time Ryan White funds were used to pay their claims, and to credit the Ryan White program for any Medicaid payments.

2011 SEP *Review of Ryan White Part B Funding and Payer-of-Last-Resort Requirement.*
A-05-10-00088. [Web Summary](#). [Full Text](#).

Indian Health Service

Internal Controls Over Monitoring Recipients' Compliance With Requirements of the American Indians Into Psychology Program

THE INDIAN HEALTH SERVICE’S (IHS) INTERNAL CONTROLS FOR THE AMERICAN INDIANS INTO PSYCHOLOGY PROGRAM (PSYCHOLOGY PROGRAM) WERE NOT ADEQUATE TO MONITOR WHETHER SCHOLARSHIP RECIPIENTS HAD MET CERTAIN SCHOLARSHIP REQUIREMENTS. As a result, IHS could not ensure that all scholarship recipients were in compliance with program requirements. We recommended developing and implementing the

necessary policies and procedures to ensure that recipients complete their approved programs and fulfill the required service obligation. Pursuant to the Psychology Program, colleges and universities receive grants to develop and maintain psychology career recruitment programs to encourage American Indians to enter the mental health field. Each scholarship recipient must maintain full-time or part-time enrollment until completion of the program and fulfill a minimum service obligation.

2011 MAY *Audit of the Indian Health Service's Internal Controls Over Monitoring of Recipients' Compliance With Requirements of the American Indians Into Psychology Program.*
A-09-10-01007. [Web Summary](#). [Full Text](#).

Internal Controls Over Monitoring of Recipients' Compliance With Requirements of the Indian Health Professions Scholarship Program

IHS DID NOT HAVE ADEQUATE INTERNAL CONTROLS TO MONITOR RECIPIENTS' COMPLIANCE WITH CERTAIN REQUIREMENTS OF THE INDIAN HEALTH PROFESSIONS SCHOLARSHIP PROGRAM. IHS did not always follow its own policies and procedures to verify that scholarship recipients completed approved education programs and were fulfilling their required service obligations. As a result, IHS could not ensure that all recipients were in compliance with program requirements. We recommended that IHS follow its established policies and procedures. The Indian Health Professions Scholarship program provides scholarship grants to American Indians who are enrolled full or part time in appropriately accredited schools and pursuing courses of study in the health professions. Each recipient of scholarship funds must sign a contract with IHS in which he or she agrees to complete an approved education program and fulfill a minimum 2-year active duty service obligation.

2011 MAY *Audit of the Indian Health Service's Internal Controls Over Monitoring of Recipients' Compliance With Requirements of the Indian Health Professions Scholarship Program.*
A-09-09-00044. [Web Summary](#). [Full Text](#).

Access to Mental Health and Kidney Dialysis Services at Indian Health Service and Tribal Facilities

SHORTAGES OF HIGHLY SKILLED PROVIDERS, REMOTE LOCATIONS, LACK OF RESOURCES, AND SMALL PATIENT POPULATIONS CONTRIBUTE TO THE LIMITED MENTAL HEALTH AND DIALYSIS SERVICES FOUND AT SOME INDIAN HEALTH SERVICE AND TRIBAL FACILITIES. American Indians and Alaska Natives (AI/AN) rank first among ethnic groups as likely to suffer mental health disorders that can lead to suicide, such as anxiety and depression, and AI/ANs' rate of end stage renal disease (ESRD) is the second highest among all racial/ethnic groups. Two reviews in this semiannual period address these services and offer recommendations that include developing plans to provide guidance and technical assistance to help tribes improve services, expand telemedicine capabilities, and create a database of all IHS and tribal health care facilities. View OIG's [Spotlight On the Indian Health Service](#), available on our Web site.

- **MENTAL HEALTH SERVICES** – Although 82 percent of facilities provide some type of mental health service and 39 percent of the facilities reported that they provide crisis intervention 24 hours a day, we found that shortages of highly skilled providers limit access to mental health services at those facilities. To help address shortages of licensed providers, 17 percent of IHS and tribal facilities use telemedicine for mental health services. *Access to Mental Health Services at Indian Health Service and Tribal Facilities.* OEI-09-08-00580. September, 2011. [Web Summary](#). [Full Text](#).
- **KIDNEY DIALYSIS SERVICES** – Only 20 of 506 IHS and tribal facilities reported that dialysis services are provided at their facilities. Most AI/ANs receive dialysis services at non-IHS/nontribal dialysis facilities. Many tribal facilities assist tribal members in accessing dialysis services by providing transportation and expanding access to specialists. *Access to Kidney Dialysis Services at Indian Health Service and Tribal Facilities.* OEI-09-08-00581. September, 2011. [Web Summary](#). [Full Text](#).

National Institutes of Health

National Institutes of Health Compliance With Appropriations Laws

WE FOUND TIME AND AMOUNT ISSUES IN FOUR CONTRACTS THAT POTENTIALLY VIOLATED THE ANTIDEFICIENCY ACT (ADA). The ADA prohibits an agency from obligating or expending funds in advance of or in excess of an appropriation unless specifically authorized by law. From November 2008 through February 2009, an HHS internal review group assessed 176 HHS contracts, including 21 National Institutes of Health (NIH) contracts. Our reviews of the NIH contracts assess compliance with the purpose, time, and amounts requirements specified in appropriations statutes. For four of the contracts we completed in this semiannual period, NIH had a bona fide need for the items and appropriately funded the contracts and their modifications from the pertinent appropriations years. We found time and amount issues in four other contracts (Avecia Biologics Limited, NexBio, Inc., SRI International, and the University of California San Francisco) in which NIH's National Institute of Allergy and Infectious Diseases (NIAID) potentially violated the ADA. For the four reviews with time and amount issues, we recommended making monetary adjustments and reporting ADA violations as appropriate.

The NIH contract reviews we completed during this semiannual period were:

- **AVECIA BIOLOGICS LIMITED – A-03-10-03117.** September, 2011. (Recommendations: deobligate \$26 million of fiscal year (FY) 2004 appropriations and \$5.3 million of FY 2005 appropriations and return the canceled funds to the Treasury; record the remaining \$31.3 million of the \$71.3 million contract obligation against current FY appropriations.) [Web Summary](#). [Full Text](#).
- **NEXBIO, INC. – A-03-10-03119.** September, 2011. (Recommendations: deobligate \$10.0 million of FY 2007 funds and \$10.0 million of FY 2009 funds; record the remaining \$30.0 million of the \$49.8 million Contract obligation against FY 2006 funds.) [Web Summary](#). [Full Text](#).
- **SRI INTERNATIONAL – A-03-10-03114.** April, 2011. (Recommendations: deobligate \$11.6 million of FY 2007 funds, \$2.4 million of FY 2008 funds, and \$2.8 million of FY 2009 funds; deobligate any additional funds appropriated for years other than FY 2006 that NIAID may have obligated for the contract after our audit; record the remaining \$35.2 million of the \$56.9 million contract obligation against FY 2006 funds.) [Web Summary](#). [Full Text](#).
- **UNIVERSITY OF CALIFORNIA SAN FRANCISCO – A-03-10-03120.** June, 2011. (Recommendations: deobligate \$99.5 million in funds for FYs 2002 through 2006 and record the remaining \$99.5 million of the \$134.8 million Contract obligation against current FY appropriations; deobligate \$58.2 million in funds for FYs 2008 and 2009; deobligate appropriations for subsequent FYs that NIAID may have obligated for the contract modification after our audit; and record the remaining \$180.2 million of the \$220.5 million contract obligation against FY 2007 funds.) [Web Summary](#). [Full Text](#).
- **JACOBS FACILITIES INC. – A-03-10-03103.** June, 2011. (This report contains no recommendations.) [Web Summary](#). [Full text](#).
- **HIGGINS DEVELOPMENT PARTNERS LLC – A-03-10-03105.** May, 2011. (This report contains no recommendations.) [Web Summary](#). [Full Text](#).
- **WORLD TRAVEL SERVICE – A-03-10-03113.** April, 2011. (This report contains no recommendations.) [Web Summary](#). [Full Text](#).
- **COMPUTER PACKAGES INC. – A-03-10-03102.** April, 2011. (This report contains no recommendations.) [Web Summary](#). [Full Text](#).

Superfund Financial Activities at the National Institute of Environmental Health Sciences, Fiscal Year 2010

During FY 2010, the National Institute of Environmental Health Sciences administered its annual Superfund appropriations in accordance with applicable laws and regulations. Accordingly, this report made no recommendations. The Federal law that established the Hazardous Substance Response Trust Fund (commonly known as the Superfund) required that the Inspectors General of Federal organizations with Superfund responsibilities audit all uses of the Superfund.

2011 JUN *Superfund Financial Activities at the National Institute of Environmental Health Sciences- Fiscal Year 2010.* A-04-11-01099. [Web Summary](#). [Full Text](#).

Public-Health-Related Legal Actions and Investigations

Health Education Assistance Loan program

Pursuant to the Health Education Assistance Loan (HEAL) program, HRSA guarantees commercial loans to students seeking education in health-related fields. The students are allowed to defer repayment of the loans until after they have graduated and begun to earn income. Although the HHS Program Support Center (PSC) takes steps to ensure repayment, some loan recipients do not resolve their indebtedness. After PSC has exhausted efforts to secure repayment of a debt, it declares an individual in default. The Social Security Act permits exclusion thereafter from Medicare, Medicaid, and all other Federal health care programs for nonpayment of these loans. Exclusion means that the individual may not receive reimbursement under these programs for professional services rendered; nor can any other provider receive reimbursement for services ordered or prescribed by the individual. OIG has authority to exclude individuals who have defaulted on HEAL loans from participation in Federal health care programs.

HEAL Exclusions

During the period covered by this report, 31 individuals and related entities were excluded as a result of an HHS PSC referral of their cases to OIG. Individuals who have been excluded as a result of default may enter into settlement agreements whereby the exclusions are stayed while they pay specified amounts each month to satisfy their debts. If they default on these settlement agreements, they may be excluded until the entire debts are repaid and they may not appeal the exclusions. After being excluded for nonpayment of their HEAL debts, 2,358 individuals have chosen to enter into settlement agreements or completely repay their debts. That figure includes the 43 individuals who have entered into such settlement agreements or completely repaid their debts during this reporting period.

The amount of money being repaid through settlement agreements or through complete repayment is about \$178 million. Of that amount, about \$4.69 million is attributable to this reporting period.

Each of the following individuals entered into a settlement agreement to repay the amount indicated:

- Michigan Medical Doctor - \$87,472
- Florida Osteopath - \$43,651

Human Services Reviews

Administration for Children and Families

Incorrect Claims for Federal Share of Title IV-E Adoption Assistance

SOME STATES' CLAIMS FOR FEDERAL REIMBURSEMENT OF ADOPTION ASSISTANCE SUBSIDIES DO NOT COMPLY WITH ELIGIBILITY REQUIREMENTS. The Federal Government pays its share of a State's adoption assistance payments based on the Federal medical assistance percentage (FMAP), which varies depending on the State's relative per capita income. The adoption assistance program provides Federal funds to States to facilitate the timely placement of children whose special needs or circumstances would otherwise make them difficult to place with adoptive families. Monthly adoption subsidies assist adoptive families with the care of eligible children who were either involuntarily or voluntarily removed from their homes. The reports below that were issued during this semiannual period are part of a series of reviews concerning adoption assistance costs related to the Social Security Act, Title IV-E.

- MASSACHUSETTS** – In FY 2006 through 2008, Massachusetts claimed \$4.2 million Federal share for unallowable adoption assistance payments for 258 children whose eligibility lacked adequate documentation. Massachusetts did comply with the Federal requirements we reviewed when it claimed adoption assistance payments for 1,242 of the 1,500 children we selected for review. We recommended that Massachusetts make a financial adjustment of \$4.2 million (Federal share) or provide the Administration for Children and Families (ACF) with additional documentation to support the allowability of those claims, discontinue claiming adoption assistance payments for children whose eligibility they cannot support, review documentation for adoption assistance claims after FY 2008, and make a financial adjustments for any unallowable payments found. *Review of Massachusetts Title IV-E Adoption Assistance Costs for Federal Fiscal Years 2006 Through 2008.* A-01-11-02500. August, 2011. [Web Summary](#). [Full Text](#).
- TENNESSEE** – Tennessee received about \$2.1 million Federal share for payments it incorrectly claimed for 83 children who did not meet Federal eligibility requirements for the Title IV-E adoption assistance program. We set aside for resolution an additional \$7.5 million Federal share of payments for children for which the State did not provide documentation to support eligibility. We made several recommendations, including that the State agency refund the \$2.1 million to the Federal Government for FYs 2006 through 2008, identify and adjust the Federal share of payments made for the same ineligible children in FYs 2009 and 2010, and work with ACF to resolve the \$7.5 million Federal share in costs that we set aside for further analysis. *Review of Title IV-E Adoption Assistance Maintenance Payments in Tennessee for the Period October 1, 2005, Through September 30, 2006.* A-07-10-02752. April, 2011. [Web Summary](#). [Full Text](#).
- GEORGIA** – We estimated that Georgia claimed about \$14.7 million Federal share for unallowable adoption assistance payments for 1,026 children in FYs 2006 through 2008. We estimated that unallowable claims for the same children for FYs 2009 and 2010 totaled \$10.4 million (\$7.4 million Federal share). We further estimated that the Federal share of savings associated with no longer claiming payments for these children in FY 2011 would be \$2.8 million. Our recommendations included that Georgia adjust \$23.8 million (\$14.7 million Federal share) on its next quarterly expenditure report; review and adjust the estimated \$7.4 million Federal share payments it claimed for FYs 2009 and 2010 for the same ineligible children; and ensure compliance with Federal eligibility requirements, thus saving an estimated \$2.8 million Federal share for FY 2011. The unallowable payments occurred because the State misinterpreted record retention

requirements, did not always follow Federal requirements for determining adoption assistance eligibility, did not have an adequate process for stopping payments after a child reached the age of 18, and did not have adequate controls to prevent duplicate payments. *Review of Georgia's Title IV-E Adoption Assistance Costs*. A-04-09-03524. May, 2011. [Web Summary](#). [Full Text](#).

Title IV-E Foster Care Costs Claimed on Behalf of Delinquent Children in Los Angeles County, California

CALIFORNIA CLAIMED UNALLOWABLE TITLE IV-E FOSTER CARE COSTS TOTALING \$5.7 MILLION FEDERAL SHARE ON BEHALF OF DELINQUENT LOS ANGELES COUNTY CHILDREN FOR FISCAL YEARS 2005 AND 2006. THE FEDERAL SHARE CONSISTED OF \$2.2 MILLION IN MAINTENANCE PAYMENTS AND \$3.5 MILLION IN ASSOCIATED ADMINISTRATIVE COSTS. Deficiencies included that the children were not eligible, documentation was insufficient, or the services claimed were unallowable or were not provided. We recommended that the State agency refund \$5.7 million to the Federal Government and ensure compliance with Federal requirements. A delinquent child is one who is adjudicated a ward of the court either because of the child's incorrigible behavior or because of acts committed by the child that would be considered criminal if committed by an adult.

2011 MAR *Review of Title IV-E Foster Care Costs Claimed on Behalf of Delinquent Children in Los Angeles County, California*. A-09-08-00023. [Web Summary](#). [Full Text](#).

Head Start: Compliance With Health and Safety Regulations in the District of Columbia

UNITED PLANNING ORGANIZATION (UPO), WHICH IS THE DISTRICT OF COLUMBIA'S (THE DISTRICT) DESIGNATED COMMUNITY ACTION AGENCY, DID NOT FULLY COMPLY WITH FEDERAL AND DISTRICT REQUIREMENTS ON ENSURING THE HEALTH AND SAFETY OF CHILDREN IN ITS CARE. As of August 2009, 57 of 127 employee files lacked certain background-related documentation or contained evidence that employees had convictions for offenses that should have disqualified the individuals from employment in jobs working with children. Other deficiencies pertained to noncompliance with requirements for drivers and the safety of materials, equipment and facilities. Our recommendations included that UPO develop and consistently follow procedures to ensure that all employee files contain specified documentation, no applicants are hired if they have been convicted of an offense listed in District of Columbia regulations, and all drivers, materials, equipment, and facilities meet requirements. UPO provides services to about 500 Head Start eligible children through a variety of programs, facilities, and delegate agencies.

2011 MAR *Review of the United Planning Organization's Compliance With Health and Safety Regulations for Head Start Programs*. A-03-09-00369. [Web Summary](#). [Full Text](#).

Early Head Start: Most Teachers Have the Required Credentials, But Challenges Exist

OVERALL, 81 PERCENT OF EARLY HEAD START TEACHERS HAD THE REQUIRED CREDENTIALS THAT WERE EQUIVALENT TO OR EXCEEDED A CHILD DEVELOPMENT ASSOCIATE (CDA) CREDENTIAL. MORE THAN HALF OF TEACHERS WITHOUT THE REQUIRED CREDENTIALS WERE PURSUING THEM. Approximately one-third of Early Head Start programs employed only teachers with the required credentials. We recommend that ACF work with Early Head Start programs to ensure that all teachers have the required credentials and provide guidance to programs about training teachers. Early Head Start provides comprehensive services to low-income pregnant mothers and infants and toddlers from birth to age 3. In the 2009-2010 program year, more than 100,000 infants and toddlers were served through almost 1,000 Early Head Start grantees.

2011 AUG *Most Early Head Start Teachers Have the Required Credentials, But Challenges Exist*. OEI-05-10-00240. [Web Summary](#). [Full Text](#).

Child Support Enforcement

States' Reporting of Undistributable Child Support Collections as Program Income

IN A SERIES OF 23 AUDITS, WE FOUND THAT 21 STATES DID NOT RECOGNIZE AND/OR REPORT UNDISTRIBUTABLE CHILD SUPPORT COLLECTIONS AS PROGRAM INCOME IN ACCORDANCE WITH FEDERAL REQUIREMENTS. These deficiencies occurred because States did not classify undistributable child support collections as abandoned and/or did not require that abandoned property be transferred to the States' abandoned-property accounts. Certain States were not aware of Federal reporting requirements. An undistributable child support collection occurs when the State agency receives a child support payment but cannot identify or locate the custodial parent or return the funds to the noncustodial parent. Seventeen States did not recognize and report undistributable child support collections of \$32.8 million (\$21.3 million Federal share) as abandoned and 14 States did not report \$16.6 million (\$11 million Federal share) as program income after the States recognized the funds as undistributable child support collections. We recommended that ACF either develop a uniform Federal policy for reporting undistributable child support as program income or provide increased oversight and guidance in accordance with State laws and regulations.

2011 SEP *Rollup Review on States' Reporting of Undistributable Child Support Collections as Program Income.* A-05-11-00025. [Web Summary](#). [Full Text](#).

Child Support Enforcement Investigations

Congress annually appropriates funds to OIG to detect, investigate, and prosecute noncustodial parents who fail to pay court-ordered child support. These activities are priorities for OIG. OIG works closely with the Office of Child Support Enforcement (OCSE); the Department of Justice (DOJ); U.S. Attorneys' Offices; the U.S. Marshals Service; and other Federal, State, and local partners to expedite the collection of child support.

Child-Support Task Forces

In 1998, OIG and OCSE initiated Project Save Our Children, a child support initiative that united the efforts of multiagency, multijurisdictional investigative task forces for child-support enforcement. The task forces are designed to identify, investigate, and prosecute egregious criminal nonsupport cases on the Federal and State levels by coordinating law enforcement, criminal justice, and child-support office resources. Task force screening units receive child support cases from the States; conduct preinvestigative analyses; and forward the cases to the investigative task force units, where they are assigned and investigated. The task force approach streamlines the process by which the cases best suited for criminal prosecution are identified, investigated, and resolved.

Examples of Child-Support Investigative Outcomes

OIG investigations of child support cases nationwide resulted in 35 convictions and court-ordered restitution and settlements of \$2.5 million during this semiannual period. Examples of OIG's enforcement results for failure to pay child support include the following:

- ILLINOIS – Tyrone Lamont Nesby, a former NBA player, was sentenced to 5 years of probation and ordered to pay \$977,402 in restitution for unpaid child support obligations. Between 1999 and 2010, Nesby unlawfully failed to pay child support in three districts for his minor children. The districts included the District of Nevada, the Northern District of Indiana, and the Southern District of Illinois. Nesby pleaded guilty to the charges and agreed to pay restitution for unpaid child support in all three districts. At sentencing, the court strenuously recommended that Nesby

speak to underprivileged children in schools about the importance of family and the lessons he has learned from his experiences.

- MAINE – Jackie Darrell Taylor, Jr., was sentenced to 6 months' incarceration and ordered to pay restitution in the amount of \$99,406. Taylor previously pleaded guilty on March 7, 2011, to one count of failing to pay a lawful child support order. Taylor owed child support in Maine.
- LOUISIANA – Billy Marvin Allen, Jr., was sentenced to 5 years' probation and ordered to pay restitution in the amount of \$110,905 in the U.S. District Court, District of Hawaii, based on his guilty plea to one felony count of failure to pay legal child support obligations. Allen was indicted in the U.S. District Court, Western District of Louisiana.

Highlights of recent enforcement actions (including child support investigations) to which OIG has contributed are posted on OIG's Web site at: <http://www.oig.hhs.gov/fraud/enforcement/criminal/>.

Administration on Aging

Performance Data for the Senior Medicare Patrol Projects: May 2011 Performance Report

SENIOR MEDICARE PATROL PROJECTS HAD AN ALMOST 12-PERCENT INCREASE IN THE NUMBER OF ACTIVE VOLUNTEERS IN 2010. Fifty-five Projects, which receive Federal grants to help beneficiaries detect and report fraud, waste, and abuse in the Medicare program, had almost 5,000 active volunteers in 2010. The volunteers educated beneficiaries in 8,300 group education sessions and held 70,789 one-on-one counseling sessions. Despite the increase in volunteers, total savings to Medicare, Medicaid, beneficiaries, and others substantially decreased in 2010. However, we continue to emphasize that the number of beneficiaries who have learned from the Senior Medicare Patrol Projects and who subsequently call the Office of Inspector General (OIG) fraud hotline or other contacts cannot be tracked. Therefore, the projects may not be receiving full credit for the savings and sentinel effect attributable to their work. Senior Medicare Patrol Projects receive grants from the Administration on Aging (AoA) to recruit retired professionals to serve as educators and resources in helping beneficiaries to detect and report fraud, waste, and abuse in the Medicare program. At least 1 project is in each of the 50 States, as well as in the District of Columbia, Puerto Rico, Guam, and the Virgin Islands.

2011 MAY *Performance Data for the Senior Medicare Patrol Projects: May 2011 Performance Report.* OEI-02-11-00110. [Web Summary](#). [Full Text](#).

Other HHS-Related Issues

Conflicts of Interest

Conflict-of-Interest Waivers Granted to HHS Employees in 2009

FIFTY-SIX PERCENT OF THE HHS EMPLOYEE CONFLICT-OF-INTEREST WAIVERS WE REVIEWED WERE NOT DOCUMENTED AS RECOMMENDED BY SELECTED GOVERNMENT WIDE FEDERAL ETHICS REGULATIONS AND THE HHS SECRETARY'S INSTRUCTIONS. Although not required, 18 percent of the waivers we reviewed included employees' signatures and dates. We recommended that HHS require its agencies to document conflict-of-

interest waivers as recommended, develop additional guidance and training in documenting the waivers, take action to revise the waivers in our review that were not documented as recommended, expand the review of waivers for special Government employees serving on committees; and require all employees to sign and date their waivers or otherwise document that they received and acknowledged them. HHS employees are prohibited from participating in certain official Government matters affecting their personal financial interests. These interests may include outside employment, grants, and stock ownership. Waivers permit employees who have conflicts of interest to act in an official Government capacity on matters in which they would otherwise be prohibited from participating.

2011 AUG *Conflict-of-Interest Waivers Granted to HHS Employees in 2009*. OEI-04-10-00010. [Web Summary](#). [Full Text](#).

Information Systems

Oversight of Health Insurance Portability and Accountability Act Security Rule

THE DEPARTMENT'S OVERSIGHT AND ENFORCEMENT OF THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 SECURITY RULE WERE NOT SUFFICIENT TO ENSURE THAT COVERED ENTITIES, SUCH AS HOSPITALS, EFFECTIVELY IMPLEMENTED THE RULE. Our audits of 7 hospitals throughout the Nation identified 151 vulnerabilities in the systems and controls intended to protect electronic protected health information (ePHI), of which 124 were categorized as high impact. These vulnerabilities placed the confidentiality, integrity, and availability of ePHI at risk. Outsiders or employees at some hospitals could have accessed, and at one hospital did access, systems and beneficiaries' personal data and performed unauthorized acts without the hospitals' knowledge.

2011 MAY *Nationwide Rollup Review of the Centers for Medicare & Medicaid Services Health Insurance Portability and Accountability Act of 1996 Oversight*. A-04-08-05069. [Web Summary](#). [Full Text](#).

Security Controls in HHS's Health Information Technology Standards

AMONG THE HEALTH INFORMATION TECHNOLOGY STANDARDS PROMULGATED BY HHS'S OFFICE OF THE NATIONAL COORDINATOR (ONC), WE FOUND NO STANDARDS THAT INCLUDED GENERAL SECURITY CONTROLS. General security controls include encrypting data stored on mobile devices, such as compact disks and thumb drives; requiring two-factor authentication when remotely accessing a system; and updating the operating systems of computers that process and store electronic records. A lack of any of these or other security controls can expose systems to a host of problems. In prior reviews, we had also found a lack of general security controls at Medicare contractors, State Medicaid agencies, and hospitals. Those vulnerabilities, combined with our findings in this audit, raise concern about the effectiveness of security for electronic health information. Our recommendations included that ONC broaden its focus to include well-developed general security controls for supporting systems, networks, and infrastructures as well as emphasizing the importance of system security to medical practitioners.

2011 MAY *Audit of Information Technology Security Included in Health Information Technology Standards*. A-18-09-30160. [Web Summary](#). [Full Text](#).

Non-Federal Audits

In this semiannual period, OIG’s National External Audit Review Center reviewed 1,025 reports that covered \$1.7 trillion in audited costs. Federal dollars covered by these audits totaled \$701.9 billion, about \$256.6 billion of which was HHS money.

Office of Management and Budget (OMB) Circular A-133 establishes audit requirements for State and local governments, colleges and universities, and nonprofit organizations receiving Federal awards. Under this circular, covered entities must conduct annual organizationwide “single audits” of all Federal money they receive. These audits are conducted by non-Federal auditors, such as public accounting firms and State auditors. OIG reviews the quality of these audits and assesses the adequacy of the entities’ management of Federal funds.

OIG’s oversight of non-Federal audit activity informs Federal managers about the soundness of management of Federal programs and identifies any significant areas of internal control weakness, noncompliance, and questioned costs for resolution or followup. We identify entities for high-risk monitoring, alert program officials to any trends that could indicate problems in HHS programs, and profile non-Federal audit findings of a particular program or activity over time to identify systemic problems. We also provide training and technical assistance to grantees and members of the auditing profession. OIG maintains a process to assess the quality of the non-Federal reports received and the audit work that supports the selected reports.

NON-FEDERAL AUDIT REPORTS REVIEWED AND ISSUED DURING THIS REPORTING PERIOD	
Not requiring changes or with minor changes	932
Requiring major changes	88
With significant technical inadequacies	5
Total	1,025

The 1,025 reports included 3,248 recommendations for improving management operations. In addition, these audit reports provided information for 44 special memorandums that identified concerns for increased monitoring by management.

Contract Audits

The National Defense Authorization Act for FY 2008, § 845, requires each Inspector General appointed under the Inspector General Act of 1978 to submit, as part of the semiannual report submitted to Congress pursuant to section 5 of such Act, information on final, completed contract audit reports issued to the contracting activity containing significant audit findings issued during the period covered by the semiannual report concerned. Significant findings in this semiannual reporting period include time and amount issues in four NIH contracts that potentially violated the ADA, which prohibits an agency from obligating or expending funds in advance of or in excess of an appropriation unless specifically authorized by law. See page Iv-4.

Grantee Fraud and Misconduct

In a July 2011 Grants.gov quarterly Webcast, Special Agents from the HHS and DOJ OIGs gave a special presentation on grants fraud prevention that highlights three areas of interest: conflicts of interest, misuse of funds, and embezzlement. The [session](#), which runs about 1 hour, includes discussion and audience questions and can be viewed from our Web site. A [CBS News video](#) about fraudulent Federal grants can also be viewed from our Web site. The following is an example of an investigative outcome concerning grantee fraud.

GEORGIA – Bernard Walker was sentenced to 33 months' incarceration and ordered to pay \$173,257 in restitution after pleading guilty to theft or embezzlement from a program receiving Federal grant funding and money laundering for fraudulently obtaining and laundering checks from a federally funded not-for-profit program meant to feed low-income children. Walker used his position as a nutrition specialist for a Head Start program to obtain kickbacks from various vendors and submitted fraudulent invoices from nonexistent vendors to obtain payment. He also ordered food through the Head Start program for his personal catering company. In addition to Walker's sentencing, the district court ordered the forfeiture of Walker's Audi A6 Quattro and BMW 528i vehicles, which had been purchased with the proceeds of his theft.

Recovery Act Retaliation Complaint Investigation

Section 1553 of the American Recovery and Reinvestment Act of 2009 (Recovery Act) prohibits non-Federal employers that have received Recovery Act funding from retaliating against employees who disclose evidence of mismanagement of Recovery Act funds or any violation of law related to Recovery Act funds. Section 1553 also requires OIGs to include in their semiannual reports to Congress the retaliation complaint investigations that they decided not to conduct or continue during the reporting period. OIG did not discontinue or decline to conduct any Recovery Act whistleblower retaliation complaint investigations during this reporting period.

Legislative and Regulatory Reviews

The Inspector General Act of 1978 (IG Act) requires us to review existing and proposed legislation and regulations relating to HHS's programs and operations and make recommendations concerning their impact on economy and efficiency or the prevention and detection of fraud and abuse. Most audits and other reviews that we conduct are designed to test compliance with and/or assess the administration and oversight of existing laws and regulations. Our reports of such reviews describe findings, which include questioned costs, inefficiencies, vulnerabilities to fraud, inconsistencies, errors in application, or weaknesses in oversight or supporting systems. Our recommendations tell HHS and its pertinent operating or staff divisions what administrative, regulatory, or legislative actions we believe are needed to effectively respond to the findings. Our regularly published core publications reflect the relationship between our work and laws and regulations.

- Our [Semiannual Report to Congress](#) describes findings and recommendations from recently completed reviews, most of which focus on existing laws and regulations.
- Our [Compendium of Unimplemented Recommendations](#), which is published annually, describes priority findings and recommendations from past periods that remain to be implemented, along with pertinent citations of existing laws and regulations.
- Our annual [Work Plan](#), which is published at the start of each fiscal year, provides citations to laws and regulations that are the subject of ongoing or future reviews.

We also review proposed legislation and regulations related to HHS programs and operations. HHS routinely involves us and its other operating and staff divisions in the review and development of HHS regulations through a well-established HHS process. Our audits, evaluations, and investigations are sometimes cited in regulatory preambles as influencing HHS regulations. In addition, we provide independent, objective technical assistance on a bipartisan, bicameral basis to congressional committees and members who request it.