

Report in Brief

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



Why OIG Did This Audit

In the spring of 2020, the Health Resources and Services Administration (HRSA) awarded nearly \$2 billion to 1,387 health centers through 3 programs in response to COVID-19. To expedite distribution of this funding, HRSA modified its processes for awarding these grants and for monitoring high-risk recipients that received grants.

Our objective was to determine whether HRSA had an effective process to identify and monitor high-risk health centers that received COVID-19 grant funds.

How OIG Did This Audit

Our audit covered HRSA's process for awarding nearly \$2 billion in COVID-19 funds to 1,387 health centers and its process for identifying and monitoring high-risk recipients that received grants. We obtained and reviewed the COVID-19 grant budgets, program plans, risk justification, and grant award documents for 37 high-risk health centers. We reviewed whether HRSA had included additional reporting requirements to the notices of awards to increase monitoring for the 37 high-risk health centers. We did not assess how HRSA used the information it received from the additional reporting requirements to further monitor the high-risk health centers. We reviewed financial assessments, Single Audit reports, and Internal Revenue Service Form 990 tax returns for a sample of 33 moderate and minimal-risk health centers.

HRSA Had An Effective Process To Identify And Monitor High-Risk Health Centers That Received COVID-19 Grant Funds

What OIG Found

HRSA had effective processes to identify and monitor the health centers that received COVID-19 grant funds. Specifically, we found that for the 37 health centers HRSA identified as high risk, HRSA appropriately performed financial assessments, assigned the correct risk level based on our independent assessment, and added quarterly expenditure report requirements to the applicable grant awards in accordance with its processes. Additionally, we found that for our sample of 33 moderate or minimal risk health centers that we reviewed, HRSA appropriately assessed the risk level as less than high risk based on the financial information it reviewed.

What OIG Recommends

HRSA had an effective process to identify and monitor high-risk health centers that received COVID-19 grant funds, and as such we do not have a recommendation. During our fieldwork, HRSA provided us with its *Risk-Based Recipient Monitoring Framework*, dated April 13, 2021, which became effective after the COVID-19 funds were awarded and establishes lower requirements for assigning high risk to a recipient and lowered the following five financial risk indicators from high to moderate risk. The lowering of these financial risk indicators may decrease oversight and puts Federal funds at risk. We discuss this further in the "Other Matters" section of this report.

HRSA elected not to provide formal comments; however, it provided technical comments, which we addressed as appropriate.