

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**CDC AWARDED SELECTED EBOLA
FUNDS FOR INTERNATIONAL
RESPONSE ACTIVITIES IN
ACCORDANCE WITH APPLICABLE
LAWS, REGULATIONS, AND
DEPARTMENTAL GUIDANCE**



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INTRODUCTION

WHY WE DID THIS REVIEW

The *Consolidated and Further Continuing Appropriations Act, 2015* (the Act) provided \$2.7 billion in emergency funding to the Department of Health and Human Services (HHS) for Ebola preparedness and response activities. The Act allocated \$1.8 billion to the Centers for Disease Control and Prevention (CDC), \$733 million to the Public Health and Social Services Emergency Fund for the Assistant Secretary for Preparedness and Response and the Biomedical Advanced Research and Development Authority, \$238 million to the National Institutes of Health, and \$25 million to the Food and Drug Administration for the 5-year period ending September 30, 2019.

In May 2016, OIG issued a report to CDC that identified multiple areas of noncompliance related to CDC's awarding of President's Emergency Plan for Aids Relief (PEPFAR) funds in fiscal year (FY) 2013.¹ Because of the findings associated with the PEPFAR review, we selected CDC's international portion of the Ebola funding for review. Because our audit is similar to the PEPFAR audit that was recently issued, we are only focusing on a limited number of compliance areas within the award process to allow CDC time to implement the recommendations contained within the PEPFAR report.

OBJECTIVE

Our objective was to determine whether CDC awarded Ebola-related international grants during January 1, 2015, through March 9, 2016, in accordance with applicable laws, regulations, and departmental guidance.

BACKGROUND

Centers for Disease Control and Prevention

The Act, signed in December 2014, allocated \$1.8 billion to CDC for its Ebola response and preparedness activities. Of the \$1.8 billion, CDC allocated \$1.2 billion for international response and preparedness activities to control the ongoing epidemic of Ebola in West Africa and restore and strengthen the capacities of health systems in priority countries so that current and future global health threats can be better addressed. These response activities also include enhancing global health security capacity in vulnerable countries to prevent, detect, and rapidly respond to outbreaks like Ebola before they become epidemics.

Of the \$1.2 billion allotted for international response and preparedness activities, CDC allocated \$603 million for Ebola response efforts in Guinea, Liberia, and Sierra Leone, as well as other high-priority countries, to mobilize a public health response while also driving long-term system

¹ *The Centers for Disease Control and Prevention Did Not Award President's Emergency Plan for AIDS Relief Funds for FY 2013 in Compliance with Applicable HHS Policies* (A-04-14-04021).

transformation so Ebola epidemics do not spread unrecognized in the future. CDC allocated the remaining \$597 million to implementation of the Global Health Security Agenda.²

In collaboration with partners such as the ministries of health in West Africa, the World Health Organization, CDC Foundation, Doctors Without Borders, certain parts of the U.S. Government such as the U.S. Agency for International Development, and other non-profit organizations, CDC has responded to one of the most challenging global public health emergencies in recent times. Over 1,000 CDC employees have been deployed overseas while thousands more have worked on the Ebola response from CDC headquarters in Atlanta, Georgia. CDC mobilized an unprecedented emergency response to control the epidemic of Ebola in West Africa and, importantly, to restore and strengthen the capacities of health systems in priority countries so that current and future global health threats can be better addressed.

From January 1, 2015, through March 9, 2016, CDC awarded 111 grants³ totaling \$174 million for international Ebola prevention, detection, and response activities.

Grant Award Process

Grants policy directives (GPDs) are the highest level of internal departmental grants policy within HHS, and Operating Divisions (OPDIVs) such as CDC are required to follow them. In addition, the HHS *Awarding Agency Grants Administration Manual* (AAGAM) provides more detailed instruction on how grants are to be administered. The AAGAM also provides policy in subject areas that are not covered in the GPDs (AAGAM 1.01.101-1 A.). Finally, new grant regulations at 45 CFR part 75 outlined preaward requirements that all Federal agencies are to follow when selecting award recipients.

Two key documents that CDC uses in its grant-award process are the Funding Opportunity Announcement (FOA) and the Notice of Award (NOA). The FOA contains information related to the funding opportunity, requirements, and submission timeframes. The NOA contains information related to the terms and conditions of the award.

HOW WE CONDUCTED THIS REVIEW

For our audit, we selected a judgmental sample of 31 grants totaling \$122 million from the 111 grants totaling \$174 million that CDC awarded from January 1, 2015, through March 9, 2016

² The Global Health Security Agenda (GHSa) was launched in February 2014 to help create a world that is safe and secure from infectious disease threats and elevate global health security as a national and global priority. GHSa pursues a multilateral and multi-sectoral approach to strengthen both the global capacity and nations' capacity to prevent, detect, and respond to human and animal infectious disease threats whether naturally occurring, deliberate, or accidental. (Global Health Security Agenda, <https://www.ghsagenda.org/>. Accessed on January 3, 2017).

³ In this report, the term "grants" applies to both grants and cooperative agreements.

(audit period), for international Ebola response activities. Our judgmental sample of 31 grants included at least one grant recipient from each of the following categories:

- New and Competing – This category contained first time grant recipients that were selected from a competitive announcement. Six sampled grants totaling \$8,158,449 (56 percent of the grants in this category) were in this category.
- New and Noncompeting – This category contained first time grant recipients where there was not a competitive announcement. Six sampled grants totaling \$19,202,251 (100 percent of the grants in this category) were in this category.
- Existing and Competing – This category contained grant recipients who had previously been awarded a grant from CDC and were selected through a competitive process. Ten sampled grants totaling \$34,183,662 (61 percent of the grants in this category) were in this category.
- Existing and Noncompeting – This category contained grant recipients who had previously been awarded a grant from CDC and did not go through a competitive process. Nine sampled grants totaling \$60,484,767 (72 percent of the grants in this category) were in this category.

We reviewed CDC’s official award files for the selected grants to determine compliance with HHS and CDC policies in awarding Federal funds. For each award file, we reviewed 6 areas of the grant award process and within those areas, a total of 96 compliance elements, as noted in the table below.

Table: Grant Regulation Compliance Areas Reviewed

AREAS OF THE AWARD PROCESS REVIEWED	NUMBER OF COMPLIANCE ELEMENTS REVIEWED
Funding Opportunity Announcement	22
Application	39
Approval of Application	15
Preaward Requirements	5
Notice of Award	11
Deviation Policy	4
Total Elements Reviewed	96

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The appendix contains the details of our scope and methodology.

RESULTS OF REVIEW

CDC awarded all 31 selected Ebola-related international grants totaling \$122 million in accordance with applicable laws, regulations, and departmental guidance.

In 2014 CDC began overhauling its award process in anticipation of the issuance of new Federal regulations and subsequent departmental policy updates (GPAM) that took effect December 31, 2015. During this same time, CDC was updating its award process in anticipation of the conversion to “Grants Solution,” which is an online grant application process.

RECOMMENDATIONS

Because CDC awarded Ebola-related grants in accordance with applicable laws, regulations, and departmental guidance, this report contains no recommendations.

APPENDIX: AUDIT SCOPE AND METHODOLOGY

SCOPE

Our audit focused on the Ebola awards that CDC issued to international recipients during January 1, 2015, through March 9, 2016 (audit period). CDC awarded 111 grants totaling \$174 million during the audit period. We selected for review a judgmental sample of 31 grants totaling \$122 million.

We limited our review of internal controls to those related to our objective. We conducted fieldwork at CDC's offices in Atlanta, Georgia, from March 2016 through November 2016.

METHODOLOGY

To accomplish our objective, we:

- reviewed relevant Federal laws and regulations, HHS guidance, and CDC policies and procedures;
- interviewed and conducted meetings with CDC officials to determine their policies for FOAs, application submission and reviews, analysis of funded applicants, and issuance of NOAs;
- selected a judgmental sample of 31 grants totaling \$122 million that were awarded from January 1, 2015, through March 9, 2016, in the following categories:
 - New and Competing – 6 awards totaling \$8,158,449, representing 56 percent of the total award amounts for this category;
 - New and Noncompeting – 6 awards totaling \$19,202,251, representing 100 percent of the award amount for this category;
 - Existing and Competing – 10 awards totaling \$34,183,662, representing 61 percent of the award amount for this category; and
 - Existing and Noncompeting – 9 awards totaling \$60,484,767, representing 72 percent of the award amount for this category;
- reviewed all available CDC documents, including CDC's official award files and FOA binders, for each selected grant for compliance with HHS and CDC's internal policies for awarding Federal funds; and
- discussed our findings with CDC officials.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.