

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**THE ASSOCIATION FOR PUBLIC HEALTH
LABORATORIES MANAGED GLOBAL
HEALTH SECURITY AGENDA FUNDS IN
ACCORDANCE WITH FEDERAL
REQUIREMENTS**

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Office of Inspector General

<https://oig.hhs.gov>

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OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

Report in Brief

Date: February 2018

Report No. A-04-17-02004

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



Why **OIG** Did This Review

The Consolidated and Further Continuing Appropriations Act, 2015 (P.L. No. 113-235), provided \$2.7 billion in emergency funding to the Department of Health and Human Services for Ebola response and preparedness activities. The Act designated about \$1.8 billion of this amount to the Centers for Disease Control and Prevention (CDC). Of this amount, \$597 million was to be used through FY 2019 to implement the Global Health Security Agenda (GHSAs).

The United States pledged assistance to 31 selected GHSAs countries (Presidential Executive Order 13747, dated November 4, 2016). CDC awards GHSAs grants to both foreign and U.S.-based organizations working abroad in GHSAs countries. In 2015 and 2016, CDC awarded approximately 45 percent of all GHSAs grant funds to U.S.-based organizations. We selected the Association for Public Health Laboratories (APHL) for review on the basis of the substantial award it received from CDC.

Our objective was to determine whether APHL managed its GHSAs award and expended funds in accordance with Federal requirements.

How **OIG** Did This Review

Our audit covered the budget period from July 1, 2015, through June 30, 2016. We reviewed documentation supporting the award, to include all progress and financial reports.

The Association for Public Health Laboratories Managed Global Health Security Agenda Funds in Accordance With Federal Requirements

What **OIG** Found

APHL managed GHSAs funds in accordance with Federal requirements. However, we could not test GHSAs expenditures at APHL because of the nature of the award. CDC awarded GHSAs funding to APHL as a supplement to an existing grant. APHL received a sole-source supplemental award from CDC for GHSAs funds based upon its expertise in the public health laboratory arena, both domestically and internationally. APHL's existing grant with CDC focused on global health work. Therefore, when GHSAs funding became available, CDC used the existing grant to fund APHL.

Because the GHSAs funds were a supplement to an existing award, APHL was not legally required to report its progress on GHSAs activities separately from the existing grant. However, APHL identified accomplishments and challenges specifically related to its GHSAs activities.

What **OIG** Recommends

We are making no recommendations.

TABLE OF CONTENTS

INTRODUCTION1

 WHY WE DID THIS REVIEW1

 OBJECTIVE1

 BACKGROUND1

 Centers for Disease Control and Prevention1

 The Association for Public Health Laboratories.....2

 HOW WE CONDUCTED THIS REVIEW.....2

RESULTS OF REVIEW3

RECOMMENDATIONS3

APPENDIX

 Scope and Methodology4

INTRODUCTION

WHY WE DID THIS REVIEW

The *Consolidated and Further Continuing Appropriations Act, 2015* (P.L. No. 113-235, enacted Dec. 16, 2014) (the Act), provided \$2.7 billion in emergency funding to the Department of Health and Human Services (HHS) for Ebola response and preparedness activities. The Act designated about \$1.8 billion of this amount to Centers for Disease Control and Prevention (CDC). Of this amount, \$597 million was to be used through FY 2019 to implement the Global Health Security Agenda (GHSA).

The GHSA was launched in February 2014 to help create a world safe and secure from all infectious disease threats and to elevate global health security as a national and global priority. The United States pledged assistance to 31 selected GHSA countries (Presidential Executive Order 13747, dated November 4, 2016).

CDC awards GHSA grants to both foreign and U.S.-based organizations working abroad in GHSA countries. In 2015 and 2016, CDC awarded approximately 45 percent of all GHSA grant funds to U.S.-based organizations. We selected Association for Public Health Laboratories (APHL), a U.S.-based organization working abroad, for review because of the substantial award it received from CDC.

OBJECTIVE

Our objective was to determine whether APHL managed its GHSA award and expended funds in accordance with Federal requirements.

BACKGROUND

Centers for Disease Control and Prevention

As the U.S. science-based public health and disease prevention agency, CDC plays an essential role in implementing the GHSA. CDC uses its technical expertise in public health and longstanding relationships with ministries of health across the globe to work with countries to build strong national programs and sustainable public health systems that can respond effectively to global epidemics and to other diseases that threaten the health and prosperity of the global community.

In support of the U.S. goal of assisting the 31 selected GHSA countries over the next 5 years, CDC is using GHSA funding to help its partner countries meet their global health security targets.

The Association for Public Health Laboratories

APHL works to strengthen laboratory systems serving the public's health in the United States and globally. APHL works closely with Federal agencies to develop and execute national health initiatives and internationally to build effective national laboratory systems and expand access to quality diagnostic testing services. APHL has over 20 years' experience working in 31 countries on 5 continents in the laboratory science and practice arena.

CDC awarded APHL a cooperative agreement¹ totaling \$4.5 million. APHL used these funds to assist host organizations in eight GHSA countries in achieving GHSA priorities of biosecurity, surveillance, early detection, and fast prognosis.

HOW WE CONDUCTED THIS REVIEW

Our audit of GHSA grant funds at APHL covered the budget period from July 1, 2015, through June 30, 2016. Of the \$4.5 million that CDC awarded to APHL, APHL stated that it expended \$1,097,513. We reviewed documentation provided by APHL and CDC supporting the award, including all progress and financial reports, as well as APHL financial accounting systems records.

CDC awarded GHSA funding to APHL as a supplement to an existing grant. Therefore, APHL was not legally required to separately account for GHSA funds or to submit separate Federal financial reports to CDC specific to the GHSA funds. The Federal financial reports that APHL submitted to CDC were for the total amount of the award, not the GHSA supplement. The payment management system (PMS)² also combined the original grant funding and the supplemental grant funding (GHSA) into one account. PMS did not separately account for the GHSA supplemental funds. Therefore, we were unable to perform substantive testing of GHSA award expenditures.

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 our Scope and Methodology.

¹ CDC awarded these GHSA funds through cooperative agreements, which it uses in lieu of grants when it anticipates the Federal Government's substantial involvement with recipients in accomplishing the objectives of the agreements. The regulations that apply to Federal grants also apply to cooperative agreements.

² The Program Support Center (PSC) is a non-appropriated agency hosted by HHS. PSC developed PMS, which is a centralized payment- and cash-management system that accomplishes all payment-related activities from the time of award through closeout.

RESULTS OF REVIEW

APHL managed GHSA funds in accordance with Federal requirements. However, we could not test GHSA expenditures at APHL because of the nature of the award.

APHL received a sole-source supplemental award from CDC for GHSA funds based upon its expertise in the public health laboratory arena, both domestically and internationally. APHL's existing grant with CDC focused on global health work. Therefore, when GHSA funding became available, CDC used the current grant to fund APHL.

APHL worked with CDC the first 4 or 5 months of the grant period to determine a scope of GHSA work for the supplemental grant funds and to identify countries to which APHL would provide assistance.

Because the GHSA funds were a supplement to an existing award, APHL was not legally required to report its progress on GHSA activities separately from the existing grant. However, in its Annual Performance Report to CDC, APHL identified accomplishments and challenges specifically related to its GHSA activities.

RECOMMENDATIONS

We are making no recommendations.

APPENDIX: SCOPE AND METHODOLOGY

SCOPE

We obtained a list of GHSA grants that CDC awarded to recipients during FY 2015 and FY 2016. Specifically, we requested a list of all GHSA grants issued after the approval of both the Act in December 2014 and HHS's Ebola Emergency Funding Spend Plan in January 2015, in which the GHSA funds were identified.

Our audit of GHSA grant funds at APHL covered the budget period July 1, 2015, through June 30, 2016. Of the \$4.5 million that CDC awarded to APHL, APHL stated that it expended \$1,097,513. We reviewed documentation provided by APHL and CDC supporting the award, including all progress and financial reports, as well as APHL financial accounting systems records.

We performed work at APHL's offices in Silver Spring, Maryland, and at CDC in Atlanta, Georgia.

METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal laws, regulations, policies, and guidance;
- held discussions with CDC staff, as appropriate, to discuss funding mechanisms and domestic recipient reimbursement processes;
- conducted interviews and discussed the award with APHL's staff;
- reviewed APHL's Federal financial and progress reports to CDC;
- reviewed APHL's policies and procedures for safeguarding assets and resources acquired with GHSA funds; and
- assessed APHL's financial management system.

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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.