

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**THE SUBSTANCE ABUSE AND MENTAL  
HEALTH SERVICES ADMINISTRATION  
RESOLVED APPROXIMATELY  
ONE-THIRD OF ITS AUDIT  
RECOMMENDATIONS,  
NONE IN ACCORDANCE WITH  
FEDERAL TIMEFRAME REQUIREMENTS**

*Inquiries about this report may be addressed to the Office of Public Affairs at  
[Public.Affairs@oig.hhs.gov](mailto:Public.Affairs@oig.hhs.gov).*



Gloria L. Jarmon  
Deputy Inspector General  
for Audit Services

July 2019  
A-07-19-03233

# *Office of Inspector General*

<https://oig.hhs.gov/>

---

The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health and Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by the following operating components:

## *Office of Audit Services*

The Office of Audit Services (OAS) provides auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations. These assessments help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout HHS.

## *Office of Evaluation and Inspections*

The Office of Evaluation and Inspections (OEI) conducts national evaluations to provide HHS, Congress, and the public with timely, useful, and reliable information on significant issues. These evaluations focus on preventing fraud, waste, or abuse and promoting economy, efficiency, and effectiveness of departmental programs. To promote impact, OEI reports also present practical recommendations for improving program operations.

## *Office of Investigations*

The Office of Investigations (OI) conducts criminal, civil, and administrative investigations of fraud and misconduct related to HHS programs, operations, and beneficiaries. With investigators working in all 50 States and the District of Columbia, OI utilizes its resources by actively coordinating with the Department of Justice and other Federal, State, and local law enforcement authorities. The investigative efforts of OI often lead to criminal convictions, administrative sanctions, and/or civil monetary penalties.

## *Office of Counsel to the Inspector General*

The Office of Counsel to the Inspector General (OCIG) provides general legal services to OIG, rendering advice and opinions on HHS programs and operations and providing all legal support for OIG's internal operations. OCIG represents OIG in all civil and administrative fraud and abuse cases involving HHS programs, including False Claims Act, program exclusion, and civil monetary penalty cases. In connection with these cases, OCIG also negotiates and monitors corporate integrity agreements. OCIG renders advisory opinions, issues compliance program guidance, publishes fraud alerts, and provides other guidance to the health care industry concerning the anti-kickback statute and other OIG enforcement authorities.

# *Notices*

---

**THIS REPORT IS AVAILABLE TO THE PUBLIC**  
at <https://oig.hhs.gov>

Section 8M of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG website.

## **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: July 2019

Report No. A-07-19-03233

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



### Why OIG Did This Review

HHS, Substance Abuse and Mental Health Services Administration (SAMHSA), is subject to Federal audits of its internal activities as well as Federal and non-Federal audits of activities performed by its grantees and contractors. As a followup to these audits, SAMHSA is responsible for resolving Federal and non-Federal audit report recommendations related to its activities, grantees, and contractors within 6 months after formal receipt of the audit reports. HHS, OIG, prepares and forwards to SAMHSA monthly stewardship reports that show the status of these reported audit recommendations.

Our objectives were to determine whether SAMHSA resolved audit recommendations in a timely manner during Federal fiscal years (FYs) 2015 and 2016 and to identify all unresolved audit recommendations that were due for resolution as of September 30, 2016.

### How OIG Did This Review

We reviewed the "Outstanding Audits and Actions Taken by Cognizance" stewardship reports to identify all outstanding audit recommendations that SAMHSA resolved during FYs 2015 and 2016, as well as all outstanding recommendations that remained unresolved and were due for resolution as of September 30, 2016. These stewardship reports identified 97 audit reports and 292 corresponding recommendations.

## The Substance Abuse and Mental Health Services Administration Resolved Approximately One-Third of Its Audit Recommendations, None in Accordance With Federal Timeframe Requirements

### What OIG Found

SAMHSA did not resolve audit recommendations in a timely manner during FYs 2015 and 2016. SAMHSA resolved 104 of the 292 audit recommendations that were outstanding during FYs 2015 and 2016. However, it did not resolve any of the 104 recommendations within the required 6-month resolution period. In addition, as of September 30, 2016, SAMHSA had not resolved 188 audit recommendations that were past due for resolution. These 188 past-due recommendations were procedural in nature; none of them involved dollar amounts such as recommended disallowances.

As of July 1, 2015, SAMHSA had draft policies and procedures in place (which were verbally conveyed to its staff before that date) to ensure that audit recommendations were resolved in compliance with Federal requirements, but did not generally follow them. As a result, SAMHSA did not issue any management decisions (and submit the related clearance documents to OIG) within the required 6-month resolution period. In addition, SAMHSA's policies and procedures had not been finalized at the time of our audit work, and SAMHSA did not perform periodic reconciliations with OIG's stewardship reports. SAMHSA officials attributed audit resolution issues to staff turnover and shifting priorities.

### What OIG Recommends

We recommend that SAMHSA finalize and follow its policies and procedures related to the audit resolution process, promptly resolve the 188 outstanding audit recommendations that were past due as of September 30, 2016, and reconcile each month the appropriate OIG or HHS records with SAMHSA's audit resolution records and follow up on any differences noted.

SAMHSA concurred with all of our recommendations and described corrective actions that it had taken or planned to take. SAMHSA stated that it would update and finalize its policies and procedures for resolving audits within required timeframes by July 31, 2019. In addition, SAMHSA stated that it would initiate audit resolution efforts for all 188 outstanding audit recommendations by September 30, 2019. Finally, SAMHSA stated that effective immediately, it would perform monthly reconciliations of its audit resolution records with those of the appropriate oversight office.

## TABLE OF CONTENTS

INTRODUCTION .....	1
Why We Did This Review .....	1
Objectives.....	1
Background .....	1
Federal Audits .....	1
Non-Federal Single Audits.....	2
Federal Requirements Regarding Timeliness of Audit Resolution .....	3
SAMHSA’s Audit Resolution Process.....	3
Stewardship Reports.....	4
How We Conducted This Review .....	4
FINDINGS.....	4
Federal Requirements and SAMHSA Policies and Procedures.....	5
SAMHSA Did Not Resolve Audit Recommendations in Accordance With Federal Requirements .....	6
SAMHSA Did Not Resolve Audit Recommendations in a Timely Manner .....	6
SAMHSA Had Some Recommendations That Were Unresolved and Due for Resolution .....	7
SAMHSA Did Not Follow Its Policies and Procedures When Resolving Audit Recommendations and Did Not Perform Periodic Reconciliations .....	7
SAMHSA Did Not Always Ensure That Federal Funds Were Effectively and Efficiently Used .....	8
RECOMMENDATIONS .....	8
SAMHSA COMMENTS .....	8
APPENDICES	
A: Audit Scope and Methodology .....	9
B: Previously Issued Office of Inspector General Reports .....	11
C: SAMHSA Comments.....	12

## **INTRODUCTION**

### **WHY WE DID THIS REVIEW**

The U.S. Department of Health and Human Services (HHS), Substance Abuse and Mental Health Services Administration (SAMHSA), is subject to Federal audits of its internal activities as well as Federal and non-Federal audits of activities performed by its grantees and contractors. These audits ensure that recipients of Federal awards have complied with applicable Federal requirements related to management and use of funds. As a followup to these audits, SAMHSA is responsible for resolving Federal and non-Federal audit report recommendations related to its activities, grantees, and contractors within 6 months after formal receipt of the audit reports. The HHS Office of Inspector General (OIG) prepares and forwards to SAMHSA monthly stewardship reports that show the status of these reported audit recommendations. In keeping with our mission of helping to safeguard HHS funds, we focused in this review on the timeliness of SAMHSA's audit resolution process. This process includes, in response to each Federal and non-Federal audit report on SAMHSA's internal activities or on activities performed by SAMHSA's grantees and contractors, the issuance of a management decision and the submission of an OIG clearance document (OCD) to OIG within the required 6-month period.<sup>1</sup> We are not reviewing the actual corrective actions taken by SAMHSA.

### **OBJECTIVES**

Our objectives were to determine whether SAMHSA resolved audit recommendations in a timely manner during Federal fiscal years (FYs) 2015 and 2016 and to identify all unresolved audit recommendations that were due for resolution as of September 30, 2016.

### **BACKGROUND**

SAMHSA is the agency within HHS that leads public health efforts to advance the behavioral health of the Nation. SAMHSA's mission is to reduce the impact of substance abuse and mental illness on America's communities.

#### **Federal Audits**

Section 4(a) of the Inspector General Act of 1978, as amended (5 U.S.C. App.), directs OIG to conduct audits of agency programs and activities. Under this authority, OIG conducts audits of internal SAMHSA activities, as well as activities performed by SAMHSA grantees and contractors. These audits are intended to provide independent assessments of SAMHSA programs and operations and to help promote economy and efficiency. OIG uses its own

---

<sup>1</sup> In this context, the term "management decision" refers to the evaluation by the cognizant HHS operating division's (OpDiv) management of the audit findings and corrective action plan and the issuance of a written decision as to what corrective action is necessary. The OpDiv's management uses an OCD to report to OIG the management decision and actions taken on recommendations; OIG then uses the OCD as the source document to clear recommendations from the stewardship report.

resources to conduct audits in accordance with generally accepted government auditing standards (GAGAS) and oversees audit work conducted by independent auditors.

## **Non-Federal Single Audits**

Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*,<sup>2</sup> requires that non-Federal entities (such as SAMHSA grantees) that expend \$500,000<sup>3</sup> or more in Federal awards in a year<sup>4</sup> have a Single Audit or program-specific audit (also referred to as an “A-133 audit”), pursuant to the provisions of OMB Circular A-133, Subpart B, \_\_.200.<sup>5</sup> These A-133 audits, conducted by independent auditors, are conducted in accordance with GAGAS and OMB Circular A-133. These audits include an examination of the entity’s financial records and financial statements, testing of the entity’s internal controls, and a review of the entity’s compliance with requirements related to expenditures of selected Federal awards. The final audit report contains comments from the entity, including corrective actions planned or taken to address the findings.

Audited entities transmit their final A-133 audit reports to the Federal Audit Clearinghouse (FAC).<sup>6</sup> In turn, OIG, National External Audit Review Center (NEAR), receives A-133 audit reports from the FAC. NEAR performs a desk review of each A-133 audit report that contains findings related to direct HHS funding to determine whether there are any issues with the report and whether the report meets GAGAS and OMB Circular A-133 requirements.<sup>7</sup> NEAR prepares a transmittal letter and attachment that summarize the audit findings and recommendations and that identify the Federal agency responsible for resolution (cognizant

---

<sup>2</sup> This circular was made applicable by HHS regulations at 45 CFR § 74.26(a). The circular was relocated to 2 CFR part 230. (HHS has promulgated new grant regulations and cost principles at 45 CFR part 75 that apply to awards made on or after December 26, 2014.) None of the audits in our review were subject to the new rule, as they were of awards made prior to that date.

<sup>3</sup> The expenditure level for Federal awards was raised to \$750,000 for FYs beginning on or after December 26, 2014 (45 CFR § 75.501(a)).

<sup>4</sup> Some State and local governments that are required by constitution or statute that was in effect January 1, 1987, to be audited less frequently than annually are permitted to undergo audits biennially. Nonprofit organizations are also allowed to have biennial audits under certain conditions (OMB Circular A-133, § \_\_\_\_\_.220).

<sup>5</sup> Commercial entities that met the \$500,000 threshold during the audit period could elect to conduct either an A-133 audit or a financial-related audit (45 CFR § 74.26(d)(i)).

<sup>6</sup> The FAC operates on behalf of OMB to disseminate A-133 audit reports to Federal agencies.

<sup>7</sup> After our audit period, HHS made significant changes to the roles and responsibilities for processing Single Audits. Effective October 1, 2018, the Office of the Assistant Secretary for Financial Resources (ASFR) within HHS, Office of the Secretary, took over the responsibility from NEAR for assigning the audit recommendations from Single Audit reports to the HHS OpDiv responsible for resolution. NEAR maintained the desk review function, but instead of reviewing all Single Audit reports with findings, NEAR began on that date to use a risk-based approach to identify selected audit reports to review.

Federal agency). NEAR then distributes the transmittal letter and attachment to the grantee and the cognizant Federal agency.

### **Federal Requirements Regarding Timeliness of Audit Resolution**

In resolving Federal audit recommendations, SAMHSA must comply with OMB Circular A-50, *Audit Followup*, which requires resolution of audit recommendations within a maximum of 6 months after issuance of a final audit report. In resolving non-Federal audit recommendations, SAMHSA must comply with OMB Circular A-133 for audits of grantees that received awards in FYs beginning prior to December 26, 2014, and with 45 CFR § 75.521(d) for audits of grantees that received awards in FYs beginning on or after that date.<sup>8</sup> OMB Circular A-133 requires resolution within 6 months after receipt of the final report by the Federal Government, and 45 CFR § 75.521(d) requires resolution within 6 months of acceptance of the audit report by the FAC.

### **SAMHSA's Audit Resolution Process**

The SAMHSA Internal Policy and Procedures for Resolution of Audit Findings document, dated July 1, 2015 (the Policy), provides the policies and procedures for SAMHSA to follow in resolving both Federal and non-Federal audit recommendations. SAMHSA officials told us that SAMHSA staff auditors were supposed to follow the procedures from the Policy throughout our audit period, and added that before issuance of the Policy, the same procedures were verbally conveyed to the staff auditors by their supervisors. The July 1, 2015, draft version of the Policy was the first time the procedures were actually documented, and SAMHSA staff auditors were expected to follow them even though they were still marked "draft." The Policy had not been finalized at the time of our audit work for this review.

The Policy applies to staff of the Office of Financial Advisory Services (OFAS) within SAMHSA's Office of Financial Resources. The audit resolution process begins when OFAS receives an audit report and assigns it to a staff auditor for resolution. The auditor prepares an audit resolution letter, which contains a description of the audit recommendations and the actions required to resolve them, and forwards it to the grantee's action official. When the auditor receives and accepts the action official's response, the auditor completes a related OCD. The OCD is then forwarded to the auditor's supervisor for review, and once approved, submitted to the OFAS Director for signature. After signature, the auditor emails the signed OCD to OIG for removal of the associated recommendations from the stewardship report (the Policy § 8).

The Policy requires SAMHSA to resolve audit recommendations within 6 months of the end of the month in which the audit report was issued or released by OIG (the Policy § 6.3.2).

---

<sup>8</sup> See footnote 2. Although none of the audits in this review were subject to 45 CFR part 75, we included the relevant provision from the current regulation in this report to support the validity of our recommendations.



Unlike some larger HHS OPDIVs, SAMHSA did not have a dedicated information technology system for tracking audit resolution during our audit period; rather, SAMHSA monitored audit resolution using an audit log spreadsheet. During our audit work, SAMHSA officials said that HHS had a new system that would allow SAMHSA to begin tracking single audit findings electronically in the future.

## **Stewardship Reports**

The OIG Audit Planning and Implementation group prepares and forwards to SAMHSA (and other HHS OPDIVs as appropriate) monthly stewardship reports on the status of audit recommendations reported in Federal and non-Federal audits. These reports identify all audit reports and corresponding recommendations issued for the selected period and provide the management decisions and the date of that action, or indicate that no action has as yet been taken.

## **HOW WE CONDUCTED THIS REVIEW**

We reviewed the “Outstanding Audits and Actions Taken by Cognizance” stewardship reports to identify all outstanding audit recommendations that SAMHSA resolved during FYs 2015 and 2016, as well as all outstanding audit recommendations that remained unresolved and were due for resolution as of September 30, 2016. These stewardship reports identified 97 audit reports and 292 corresponding recommendations.<sup>9</sup> The issuance dates for these audit reports ranged from January 13, 2012, through January 15, 2016.

We did not review SAMHSA’s overall internal control structure. Rather, we reviewed only those internal controls related to our objective.

We conducted this performance audit in accordance with GAGAS. 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.

Appendix A describes our audit scope and methodology.

## **FINDINGS**

SAMHSA did not resolve audit recommendations in a timely manner during FYs 2015 and 2016. Specifically, SAMHSA resolved 104 of the 292 audit recommendations that were outstanding during FYs 2015 and 2016. However, it did not resolve any of the 104 recommendations within

---

<sup>9</sup> Of the 97 audit reports and 292 corresponding recommendations identified in these stewardship reports, 2 were Federal audit reports that had a total of 16 corresponding recommendations, while 95 were non-Federal audit reports that had a total of 276 corresponding recommendations.

the required 6-month resolution period. In addition, as of September 30, 2016, SAMHSA had not resolved 188 audit recommendations that were past due for resolution. These 188 past-due recommendations were procedural in nature and typically involved policies and procedures and internal controls; none of them involved dollar amounts such as recommended disallowances.

As of July 1, 2015, SAMHSA had draft policies and procedures in place to ensure that audit recommendations were resolved in compliance with Federal requirements, which require resolution of audit recommendations within 6 months of the audit report's issue date. Before issuance of the Policy, this requirement was conveyed to staff auditors verbally. However, SAMHSA did not generally follow these policies and procedures. As a result, SAMHSA did not issue any management decisions (and submit the related OCDs to OIG) within the required 6-month resolution period. In addition, although SAMHSA had its detail policies and procedures documented in draft form, it had not finalized them at the time of our audit work for this review. Finally, SAMHSA did not perform periodic reconciliations between OIG's stewardship reports and its own audit resolution records.<sup>10</sup>

According to SAMHSA officials, resource limitations caused by staff turnover and shifting priorities contributed to SAMHSA not resolving audit recommendations in a timely manner. SAMHSA officials indicated that the new Director of OFAS would lead the effort to update and finalize the policies and procedures in FY 2019.

Without resolving all audit recommendations in a timely manner, SAMHSA runs the risk of noncompliance with Federal requirements and mismanagement of Federal funds. The prompt resolution of audit recommendations helps ensure that Federal funds are effectively and efficiently used to carry out the activities for which they were authorized.

## **FEDERAL REQUIREMENTS AND SAMHSA POLICIES AND PROCEDURES**

In resolving Federal audit recommendations, SAMHSA must comply with OMB Circular A-50. In resolving non-Federal audit recommendations, SAMHSA must comply with OMB Circular A-133 for audits of grantees that received awards in FYs beginning prior to December 26, 2014, and with 45 CFR § 75.521(d) for audits of grantees that received awards in FYs beginning on or after that date (footnote 2).

OMB guidance requires "prompt resolution and corrective actions on audit recommendations. Resolution shall be made within a maximum of six months after issuance of a final report or, in the case of audits performed by non-Federal auditors, six months after receipt of the report by the Federal Government. Corrective action should proceed as rapidly as possible" (OMB Circular A-50, § 8.a.(2)).

---

<sup>10</sup> Under the revised roles and responsibilities discussed in footnote 7, SAMHSA's audit resolution records are to reconcile with the OIG stewardship reports for non-Federal Single Audits processed before October 1, 2018, and with ASFR's Single Audit recommendation listing for non-Federal Single Audits processed on or after October 1, 2018.

OMB guidance states: “The entity responsible for making the management decision shall do so within six months of receipt of the [non-Federal] audit report. Corrective action should be initiated within six months after receipt of the audit report and proceed as rapidly as possible” (OMB Circular A-133, § \_\_\_\_\_.405(d)).

Federal regulations provide the following management decision time requirements: “The HHS awarding agency or pass-through entity responsible for issuing a management decision must do so within six months of acceptance of the audit report by the FAC. The auditee must initiate and proceed with corrective action as rapidly as possible and corrective action should begin no later than upon receipt of the audit report” (45 CFR § 75.521(d)).

The Policy requires SAMHSA to resolve audit recommendations within 6 months of the end of the month in which the audit report was issued or released by OIG (the Policy § 6.3.2).

## **SAMHSA DID NOT RESOLVE AUDIT RECOMMENDATIONS IN ACCORDANCE WITH FEDERAL REQUIREMENTS**

### **SAMHSA Did Not Resolve Audit Recommendations in a Timely Manner**

SAMHSA did not resolve any of the audit recommendations in a timely manner during FYs 2015 and 2016, as none of the 104 audit recommendations that SAMHSA resolved during that period were resolved within the required 6-month resolution period.<sup>11</sup> Table 1 below shows the timeframes for resolving these recommendations.

**Table 1: Timeliness of Audit Recommendations Resolved in FYs 2015 and 2016**

<b>Timeframe To Resolve Recommendation</b>	<b>Number of Resolved Recommendations</b>	<b>Percentage of Total</b>
Within 6-month resolution period	0	0.0%
Not resolved within 6-month resolution period:		
6+ months to 1 year	39	37.5%
1+ year to 2 years	22	21.2%
2+ years to 3 years	39	37.5%
3+ years to 4 years	4	3.8%
4+ years to 5 years	0	0.0%
5+ years	0	0.0%
Subtotal (not resolved within 6-month resolution period)	104	100.0%
<b>Total</b>	<b>104</b>	<b>100.0%</b>

<sup>11</sup> Of the 104 recommendations not resolved in a timely manner, 16 were conveyed in Federal audit reports, and 88 were conveyed in non-Federal audit reports.

## **SAMHSA Had Some Recommendations That Were Unresolved and Due for Resolution**

As of September 30, 2016, SAMHSA had not resolved 188 audit recommendations (of the 292 outstanding recommendations for FYs 2015 and 2016) that were past due for resolution.<sup>12</sup> These 188 past-due recommendations were procedural in nature and typically involved policies and procedures and internal controls; none of them involved dollar amounts such as recommended disallowances. Table 2 below presents information on the timeframes for the past-due recommendations.

**Table 2: Unresolved Audit Recommendations Past Due for Resolution  
as of September 30, 2016**

<b>Timeframe Beyond Required Resolution Date</b>	<b>Number of Recommendations</b>	<b>Percentage of Total Recommendations</b>	<b>Average Days Beyond Required Resolution Date</b>
6+ months to 1 year	23	12.2%	229.8
1+ year to 2 years	74	39.4%	625.5
2+ years to 3 years	56	29.8%	925.6
3+ years to 4 years	25	13.3%	1,327.7
4+ years to 5 years	10	5.3%	1,490.0
5+ years	0	0.0%	N/A
<b>Total</b>	<b>188</b>	<b>100.0%</b>	

## **SAMHSA DID NOT FOLLOW ITS POLICIES AND PROCEDURES WHEN RESOLVING AUDIT RECOMMENDATIONS AND DID NOT PERFORM PERIODIC RECONCILIATIONS**

As of July 1, 2015, SAMHSA had draft policies and procedures in place to ensure that audit recommendations were resolved in compliance with Federal requirements, which require resolution of audit recommendations within 6 months of the audit report's issue date. Before issuance of the Policy, this requirement was conveyed to staff auditors verbally. However, SAMHSA did not generally follow these policies and procedures. As a result, SAMHSA did not issue any management decisions (and submit the related OCDs to OIG) within the required 6-month resolution period. In addition, although SAMHSA had its detailed policies and procedures documented in draft form, it had not finalized them at the time of our audit work for this review. Finally, SAMHSA did not perform periodic reconciliations between OIG's stewardship reports and its own audit resolution records.

According to SAMHSA officials, resource limitations caused by staff turnover and shifting priorities contributed to SAMHSA not resolving audit recommendations in a timely manner. SAMHSA officials indicated that the new Director of OFAS would lead the effort to finalize the policies and procedures in FY 2019.

---

<sup>12</sup> All 188 audit recommendations that were unresolved and past due for resolution were conveyed in non-Federal audit reports.

## **SAMHSA DID NOT ALWAYS ENSURE THAT FEDERAL FUNDS WERE EFFECTIVELY AND EFFICIENTLY USED**

Without resolving all audit recommendations in a timely manner, SAMHSA runs the risk of noncompliance with Federal requirements and mismanagement of Federal funds. The prompt resolution of audit recommendations helps ensure that Federal funds are effectively and efficiently used to carry out the activities for which they were authorized.

### **RECOMMENDATIONS**

We recommend that SAMHSA:

- finalize and follow its policies and procedures related to the audit resolution process to ensure that all management decisions are issued within the required 6-month resolution period,
- promptly resolve the 188 outstanding audit recommendations that were past due as of September 30, 2016, and
- reconcile each month the OIG stewardship reports (or the HHS electronic Single Audit recommendation listing for audits processed on or after October 1, 2018) with SAMHSA's audit resolution records and follow up on any differences noted.

### **SAMHSA COMMENTS**

In written comments on our draft report, SAMHSA concurred with all of our recommendations and described corrective actions that it had taken or planned to take. SAMHSA stated that it would update and finalize its policies and procedures for resolving audits within required timeframes by July 31, 2019. In addition, SAMHSA stated that it would initiate audit resolution efforts for all 188 outstanding audit recommendations by September 30, 2019. Finally, SAMHSA stated that effective immediately, it would perform monthly reconciliations of its audit resolution records with those of the appropriate oversight office.

SAMHSA's comments are included in their entirety as Appendix C.

## **APPENDIX A: AUDIT SCOPE AND METHODOLOGY**

### **SCOPE**

We reviewed the “Outstanding Audits and Actions Taken by Cognizance” stewardship reports to identify all outstanding audit recommendations that SAMHSA resolved during FYs 2015 and 2016, as well as all outstanding audit recommendations that remained unresolved and were due for resolution as of September 30, 2016. These stewardship reports identified 97 audit reports and 292 corresponding recommendations (footnote 9). The issuance dates for these audit reports ranged from January 13, 2012, through January 15, 2016.

We did not review SAMHSA’s overall internal control structure. Rather, we reviewed only those internal controls related to our objective.

We conducted our audit work from October 2018 to January 2019.

### **METHODOLOGY**

To accomplish our objectives, we:

- reviewed applicable sections of OMB Circulars A-50 and A-133, HHS regulations at 45 CFR part 75, and other applicable Federal requirements;
- reviewed SAMHSA’s policies and procedures for resolving audit recommendations and performed a walkthrough of the process;
- interviewed SAMHSA’s staff and reviewed documentation provided by SAMHSA officials;
- obtained SAMHSA’s “Outstanding Audits and Actions Taken by Cognizance” stewardship reports for our audit period and used them to:
  - identify the total number of recommendations that were resolved timely or untimely by:
    - including only the recommendations that had the “management decision” data field populated (which indicated that a management decision had been made) and that had a decision date (i.e., the date that SAMHSA issued the OCD) that fell within our audit period of FYs 2015 and 2016 and

- quantifying the timeframe it took to resolve those recommendations by calculating the number of days between the issued date and the decision date;<sup>13</sup>
  - quantify the total number of recommendations that were unresolved and beyond the required resolution period by:
    - including only the recommendations that had no decision date documented or that had a decision date that was after our audit period (indicating that a management decision had not been made as of the end of our audit period) and
    - quantifying the timeframe beyond the required resolution date for those recommendations by calculating the number of days between the required resolution date and the last day of our audit period (September 30, 2016); and
  - determine whether there were any dollar amounts associated with any unresolved recommendations that were beyond the required resolution period as of September 30, 2016; and
- discussed the results of our audit with SAMHSA officials on February 25, 2019.

We conducted this performance audit in accordance with GAGAS. 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.

---

<sup>13</sup> To determine whether a management decision was issued timely for a Federal audit, we reviewed the time period between the date that OIG issued the audit report and the date that SAMHSA issued the management decision. To determine whether a management decision was issued timely for a non-Federal audit, we reviewed the time period between the date that NEAR assigned the single audit finding(s) to SAMHSA and the date that SAMHSA issued the management decision. Both the date that OIG issued the audit report and the date that NEAR assigned the single audit finding(s) are reported on the stewardship report in the “issued date” data field.

**APPENDIX B: PREVIOUSLY ISSUED  
OFFICE OF INSPECTOR GENERAL REPORTS**

<b>Report Title</b>	<b>Report Number</b>	<b>Date Issued</b>
<i>Although the Administration for Community Living Resolved Nearly All Audit Recommendations, It Did Not Always Do So in Accordance With Federal Timeframe Requirements</i>	<a href="#"><u>A-07-18-03232</u></a>	4/1/2019
<i>Although the Centers for Disease Control and Prevention Resolved Nearly All Audit Recommendations, It Did Not Always Do So in Accordance With Federal Timeframe Requirements</i>	<a href="#"><u>A-07-17-03226</u></a>	2/25/2019
<i>Although the Centers for Medicare &amp; Medicaid Services Has Made Progress, It Did Not Always Resolve Audit Recommendations in Accordance With Federal Requirements</i>	<a href="#"><u>A-07-18-03228</u></a>	1/15/2019
<i>The Indian Health Service Did Not Always Resolve Audit Recommendations in Accordance With Federal Requirements</i>	<a href="#"><u>A-07-17-03227</u></a>	9/24/2018
<i>The Administration for Children and Families Did Not Always Resolve Audit Recommendations in Accordance With Federal Requirements</i>	<a href="#"><u>A-07-17-03225</u></a>	7/2/2018
<i>Review of the Centers for Disease Control and Prevention's Resolution of Audit Recommendations</i>	<a href="#"><u>A-07-09-03131</u></a>	5/26/2010
<i>Administration for Children and Families Resolution of Audit Recommendations</i>	<a href="#"><u>A-07-09-03118</u></a>	10/28/2009
<i>Centers for Medicare &amp; Medicaid Services Resolution of Audit Recommendations</i>	<a href="#"><u>A-07-07-04112</u></a>	11/19/2008
<i>Indian Health Service's Resolution of Audit Recommendations</i>	<a href="#"><u>A-07-06-03077</u></a>	3/9/2007
<i>Administration on Aging's Resolution of Audit Recommendations</i>	<a href="#"><u>A-07-06-03084</u></a>	2/21/2007
<i>Food and Drug Administration's Resolution of Audit Recommendations</i>	<a href="#"><u>A-07-06-03083</u></a>	2/15/2007





Substance Abuse and Mental Health  
Services Administration

5600 Fishers Lane • Rockville, MD 20857  
www.samhsa.gov • 1-877-SAMHSA-7 (1-877-726-4727)



JUN 12 2019

TO: Gloria L Jarmon  
Deputy Inspector General for Audit Services  
Department of Health and Human Services Office of Inspector General

FROM: Chief of Staff/Director of Office of Financial Resources

SUBJECT: OIG Draft Report "*The Substance Abuse and Mental Health Service Administration Resolves Approximately One-Third of Its Audit Recommendations, None in Accordance with Federal Timeframe Requirements*"

The Substance Abuse and Mental Health Services Administration has reviewed the subject document and concurs with the recommendations. SAMHSA offers the attached comments for consideration.

A handwritten signature in black ink, appearing to read "Deepa Avula".

Deepa Avula, M.P.H.

**GENERAL COMMENTS FROM THE SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION ON THE OFFICE OF INSPECTOR GENERAL'S DRAFT REPORT ENTITLED – THE SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION RESOLVED APPROXIMATELY ONE-THIRD OF ITS AUDIT RECOMMENDATIONS, NONE IN ACCORDANCE WITH FEDERAL TIMEFRAME REQUIREMENTS (A-07-19-03223)**

The Substance Abuse and Mental Health Services Administration appreciates the opportunity from the Office of Inspector General (OIG) to review and comment on this draft report.

**Recommendation 1**

**SAMHSA should finalize and follow its policies and procedures related to the audit resolution process to ensure that all management decisions are issued within the required 6-month resolution period.**

**SAMHSA Response**

SAMHSA concurs with this recommendation. By July 31, 2019, SAMHSA will update and finalize its policies and procedures for resolving audits within required time frames. SAMHSA's policies and procedures will also reflect the recent transition of Single Audit Report (SAR) monitoring and oversight responsibilities from the OIG to the Office of the Assistant Secretary for Financial Resources (ASFR).

**Recommendation 2**

**SAMHSA should promptly resolve the 188 outstanding audit recommendations that were past due as of September 30, 2016.**

**SAMHSA Response**

SAMHSA concurs with this recommendation. SAMHSA will ensure that all 188 outstanding audit recommendations are assigned and resolution efforts initiated by September 30, 2019.

**Recommendation 3**

**SAMHSA should reconcile each month the OIG stewardship reports (or the HHS electronic Single Audit recommendation listing for audits processed on or after October 1, 2018) with SAMHSA's audit resolution records and follow up on any differences noted.**

**SAMHSA Response**

SAMHSA concurs with the recommendation. Effective immediately, SAMHSA will perform monthly reconciliations of its audit resolution records with those of the appropriate oversight office. Specifically, SAMHSA will reconcile its records to the OIG's monthly stewardship reports for those SARs the OIG assigned prior to the transition of oversight responsibilities to ASFR. For those SARs assigned after the transition, SAMHSA will perform monthly reconciliations of its records to the Audit Tracking and Analysis System (ATAS) maintained by ASFR.