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Kentucky Did Not Meet All of the Requirements for the COVID-19 Screening Testing Program at K-12 Schools

REPORT HIGHLIGHTS



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Why OIG Did This Audit

- The Centers for Disease Control and Prevention (CDC) provided \$10 billion in American Rescue Plan (ARP) funding to 64 State and local health departments to support COVID-19 screening testing for teachers, staff, and students in K-12 school settings. Kentucky was one of the recipients awarded ARP funding to implement a COVID-19 screening testing program at K-12 schools within its jurisdiction.
- This audit is part of a series examining the implementation of COVID-19 screening testing programs at K-12 schools. Specifically, this audit determined whether Kentucky monitored the testing program and whether it used funds in accordance with Federal and contract requirements.

What OIG Found

Kentucky did not effectively monitor the implementation of the COVID-19 testing program; however, for the expenditures we reviewed, Kentucky generally maintained documentation to support COVID-19 testing services provided in K-12 school settings. Specifically:



We identified 7 of the 19 vendors that did not provide documentation to support at least 1 of the requirements for providing COVID-19 testing services for students and staff in K-12 schools.



Of our stratified random sample of 292 contracted employees, we determined that 75 contracted employees did not have background checks completed prior to performing COVID-19 testing.



Kentucky maintained adequate documentation to support approximately \$49.2 million in expenditures for COVID-19 testing services.

What OIG Recommends

We recommend that Kentucky:

1. Develop or update procedures for compliance with Federal and contract requirements, including: (1) managing the contract proposal review process, (2) oversight of contracts to ensure compliance with monitoring background check documentation, and (3) maintaining documentation to support expenditures.
2. Work with CDC to determine the allowability of \$4,569,390 in expenditures for COVID-19 testing services and refund to the Federal Government any unallowable amount.

Kentucky concurred with our first recommendation; however, it did not indicate concurrence or nonconcurrence with our second recommendation. Kentucky detailed steps it has taken and plans to take in response to our recommendations.

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INTRODUCTION

WHY WE DID THIS AUDIT

The American Rescue Plan (ARP) Act of 2021 (P.L. No. 117-2) provided relief to address the continued impact of COVID-19 on the economy, public health, State and local governments, individuals, and businesses. The Department of Health and Human Services (HHS), Centers for Disease Control and Prevention (CDC), provided \$10 billion in ARP funding for the Epidemiology and Laboratory Capacity for Prevention and Control of Emerging Infectious Diseases (ELC) Reopening Schools program.¹ The ELC Reopening Schools program supported COVID-19 screening testing for teachers, staff, and students in K-12 school settings.²

The Kentucky Department for Public Health (State agency) is one of the ELC program recipients. This audit assessed the State agency's compliance with Federal and contract requirements for the COVID-19 screening testing program in Kentucky. It is one of a series of audits examining CDC's ELC program for COVID-19 screening testing at K-12 schools.³

OBJECTIVES

Our objectives were to determine whether the State agency: (1) monitored the implementation of and services provided under the COVID-19 screening testing program and (2) used ELC Reopening Schools funding in accordance with Federal and contract requirements.

BACKGROUND

CDC's Epidemiology and Laboratory Capacity for Prevention and Control of Emerging Infectious Diseases Reopening Schools Program

The ARP Act, enacted March 11, 2021, appropriated \$47.8 billion to HHS to carry out activities to detect, diagnose, trace, and monitor COVID-19 infections and related strategies to mitigate the spread of COVID-19 (§ 2401 of the ARP Act; 42 USC § 247d). CDC utilized the ARP Act appropriations to provide \$10 billion through the ELC program to support COVID-19 screening testing for teachers, staff, and students with the stated purpose to reopen and keep schools operating safely. The objectives and goals of the ELC Reopening Schools program were focused

¹ The ELC program provides strategic investments through its cooperative agreement with health departments aimed at reducing domestic infectious disease-related illnesses and death. The ELC recipients include all 50 States, large local governments, and United States territories and affiliate health departments.

² "Screening testing" was intended to identify people with COVID-19 who were asymptomatic or did not have any known, suspected, or reported exposure to someone with COVID-19.

³ The first report in the series, [*CDC Provided Oversight and Assistance; However, ELC Recipients Still Faced Challenges in Implementing COVID-19 Screening Testing Programs \(A-05-22-00010\)*](#), was issued Sept. 26, 2023.

on providing the resources to implement screening testing programs in schools. ELC program recipients were encouraged to align their approach to testing with CDC recommendations for K-12 schools whenever possible.⁴

According to CDC, screening testing was a tool that schools could utilize to help safely reopen as part of a comprehensive COVID-19 mitigation approach. CDC awarded the funds to existing ELC program cooperative agreement recipients to ensure the funding was deployed quickly to help schools reopen and remain open. In addition to providing diagnostic testing of symptomatic and exposed individuals, screening testing would help schools identify infected individuals without symptoms who may be contagious so that prompt action could be taken to prevent further transmission. With the ELC Reopening Schools funding, ELC program recipients could support implementing critical screening testing programs that were needed in schools. Recognizing that establishing a testing program was new for many schools, CDC and State and local health departments provided support and technical assistance to States and schools in implementing these programs.

In accordance with the ELC Reopening Schools guidance, most of the funding (at least 85 percent) must directly support prevention efforts in school districts.⁵ This support could be provided to schools either directly (e.g., partnering with laboratories) or indirectly (e.g., personnel support) to increase screening testing and to support COVID-19 prevention and mitigation strategies in all K-12 schools within the ELC recipient's jurisdiction. ELC program recipients could use a combination of approaches to successfully provide the necessary support to schools. ELC program recipients could use up to 15 percent of the funds for coordination, management, technical assistance, monitoring, data collection, and reporting activities.

Kentucky's ELC Reopening Schools Program

The State agency is responsible for developing and operating State public health programs and activities for residents of Kentucky.⁶ Additionally, the State agency oversees programs designed to improve lives through the prevention of negative health outcomes, promotion of healthy lifestyles and protection from diseases, injury, and environmental health impacts.

The State agency was awarded approximately \$134.6 million on April 7, 2021, to implement the ELC Reopening Schools program. In response to the ELC Reopening Schools award, the State agency developed a K-12 schools COVID-19 testing program. The program was designed to

⁴ From April 7–8, 2021, the \$10 billion was awarded to the 64 ELC program recipients according to a population-based formula. The funding was awarded for a 16-month project period ending July 31, 2022. On March 30, 2022, CDC notified the ELC program recipients that it would be extending the use of the ELC Reopening Schools funding through July 31, 2023.

⁵ CDC, "[ELC Reopening Schools: Support for Screening Testing to Reopen & Keep Schools Operating Safely.](#)" Accessed on March 12, 2025.

⁶ Kentucky Administrative Regulations, Title 902.

provide COVID-19 testing to all areas of Kentucky and all eligible members of the K-12 population.⁷ The State agency developed a COVID-19 test-to-stay model that school districts could implement to minimize the impact of quarantining non-symptomatic students and staff. Test-to-stay allowed individuals to remain in school by testing negative for COVID-19 for a certain number of days following exposure. According to the State agency, testing enabled early identification of positive COVID-19 cases and the removal of the affected individuals from the K-12 population, limiting disease transmission.

The majority of the ELC Reopening Schools award was expended for the administration of COVID-19 tests by contractors (contract expenditures). The remaining expenses were incurred by the State agency for other program costs, such as air purifiers for schools and administrative support (non-contract expenditures).

Contracts With Laboratory Vendors for COVID-19 Testing in K-12 Schools

To implement the screening testing program, the State agency contracted with laboratory vendors to provide COVID-19 testing services to students and staff in K-12 schools from July 15, 2021, through June 30, 2022 (contract period).⁸ The vendors received a fixed service fee for each test conducted. In accordance with the contract requirements, vendors were required to provide all necessary resources for COVID-19 testing, including: (1) personnel to implement the testing, (2) all equipment for testing, (3) collaboration with schools to obtain consent for testing, and (4) an online portal for test results. Additionally, the vendors were required to ensure that all contracted employees who conducted testing services on school property had background checks completed prior to commencing any work.

During the contract period, 19 vendors conducted 1.4 million COVID-19 tests, resulting in approximately \$128.9 million in contract expenditures.⁹ Three vendors provided most of the COVID-19 testing, resulting in a total of approximately \$113.5 million in contract expenditures. The remaining 16 vendors' contract expenditures ranged from approximately \$12,000 to \$2.8 million.

⁷ Eligible members of the K-12 population were enrolled students, employees, volunteers, service providers within the K-12 schools, and pre-K and preschool students and staff within the K-12 schools; there was limited testing for the community associated with the K-12 schools (i.e., guardians and household members of students or staff).

⁸ Throughout the report, we use K-12 schools to mean K-12 school districts, private schools, and charter schools within Kentucky.

⁹ Of the 19 vendors that performed COVID-19 testing for the testing program, 1 vendor did not perform testing on school district property, and 3 vendors were not in operation at the time of our audit fieldwork. We were unable to obtain background check documentation for the three vendors that were not in operation.

Reporting, Monitoring, and Payment Process of the Vendors

The State agency required vendors to report COVID-19 tests conducted as part of the testing program in two places: (1) GenTrack, an online portal used for reporting COVID-19 tests, and (2) the vendors' systems that connected with the Kentucky Health Information Exchange/National Electronic Disease Surveillance System (NEDSS).¹⁰ In accordance with the contract requirements, the vendors were required to enter the number of COVID-19 tests conducted each week by school into GenTrack. In accordance with Kentucky law and the contract requirements, the vendors were also required to report the COVID-19 test results through NEDSS within 24 hours.¹¹

During the contract period, the State agency generated monthly invoices from GenTrack. The State agency's monitoring process included comparing the COVID-19 testing data reported in GenTrack to the COVID-19 testing data available in NEDSS to verify the testing data was valid and regulatory requirements were being followed (monthly reconciliation). Once verified, invoices were sent to the vendors for approval. Once the vendors approved the invoices, the State agency signed them and entered them into the State agency's financial system for payment.

HOW WE CONDUCTED THIS AUDIT

Our audit covered approximately \$134.4 million in ELC Reopening Schools expenditures the State agency incurred from April 7, 2021, through July 31, 2023 (audit period). Of the \$134.4 million in expenditures, \$128.9 million represented contract expenditures that included 179 invoices for 1.4 million COVID-19 tests conducted by 19 vendors. The remaining \$5.5 million represented non-contract expenditures that included 351 invoices for air purifiers in schools, administrative support, and other program costs incurred by the State agency.

To address our first objective, we reviewed the State agency's: (1) implementation of the testing program, including the selection and evaluation of vendors; and (2) written procedures, guidance, and documentation regarding technical assistance provided to vendors and K-12 schools. We also reviewed the background check documentation for a stratified random sample from vendors of 292 contracted employees to determine whether contracted employees who conducted testing on school property had background checks completed prior to commencing any work. In addition, we interviewed State agency officials to obtain an

¹⁰ GenTrack is an online portal that is owned and operated by the Kentucky Cabinet for Health and Family Services. The Kentucky Cabinet for Health and Family Services is a government agency that administers programs to promote the mental and physical health of Kentucky residents. The State agency is an agency under the Kentucky Cabinet for Health and Family Services. NEDSS was an existing system required to be used by laboratories to report lab results to the State agency.

¹¹ Title 902 of the Kentucky Administrative Regulation, 2:020 § 6 (effective Dec. 15, 2020).

understanding of the State agency's oversight activities to administer the COVID-19 screening testing program.

To address our second objective, we reviewed a nonstatistical sample of 57 invoices totaling approximately \$53.8 million in contract expenditures and 12 invoices totaling approximately \$2.6 million in non-contract expenditures to determine whether the ELC Reopening Schools funding was used in accordance with Federal and contract requirements. For our nonstatistical sample of contract expenditures, we selected three invoices per vendor to ensure we covered contract expenditures for each vendor. We selected the nonstatistical sample of non-contract expenditures to ensure we covered other types of expenditures associated with ELC Reopening Schools funding. For this audit, we used a nonstatistical sample to test the contract and non-contract expenditures. The results of our testing of contract and non-contract expenditures presented in the report cannot be generalized to the population of contract and non-contract expenditures during our audit period.

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.

Appendix A contains the details of our audit scope and methodology, and Appendix B contains the details of our statistical sampling methodology.

FINDINGS

The State agency did not effectively monitor the implementation of the COVID-19 screening testing program. While the State agency provided technical assistance to the laboratories and vendors and provided oversight of the COVID-19 tests the vendors conducted, other monitoring activities were deficient. Specifically, of the 19 vendors that were awarded contracts, we identified 7 vendors that did not meet at least 1 of the requirements for providing testing services for students and staff in K-12 schools. Additionally, we found that the State agency did not monitor the vendors to ensure background check documentation was obtained or maintained for contracted employees who performed COVID-19 testing on K-12 school district property prior to commencing work, in accordance with Federal and contract requirements. From our stratified random sample of 292 contracted employees, we determined that 75 contracted employees (associated with 11 vendors) did not have background checks completed prior to performing COVID-19 testing on K-12 school district property. On the basis of our sample results, we estimated that 292 of 2,120 contracted employees in the sampling frame did not have background checks completed prior to performing COVID-19 testing on K-12 school district property.¹² Appendix C contains our sample results and estimates.

¹² The lower and upper confidence limits at the 90-percent confidence level are 203 and 380, respectively.

For the expenditures we reviewed, the State agency generally used ELC Reopening Schools funding in accordance with Federal and contract requirements. Specifically, based on the results of our nonstatistical sample of approximately \$53.8 million in contract expenditures for COVID-19 testing, we determined the State agency maintained documentation to support \$49.2 million in expenditures for COVID-19 testing services for students and staff in K-12 schools. However, the State agency did not maintain adequate documentation to support approximately \$4.6 million in expenditures for COVID-19 testing services. Additionally, for the expenditures we reviewed, we determined that the State agency maintained documentation to support the non-contract expenditures, such as air purifiers, charged against the testing program.

The issues we identified occurred because the State agency: (1) awarded contracts to some vendors that did not meet the requirements to perform COVID-19 testing services, (2) did not monitor the vendors to ensure background check documentation was obtained or maintained in accordance with Federal and contract requirements, and (3) did not properly document the monthly reconciliation of the tests invoiced by the vendors.

THE STATE AGENCY DID NOT EFFECTIVELY MONITOR THE IMPLEMENTATION OF THE COVID-19 SCREENING TESTING PROGRAM

The State Agency Conducted Some Monitoring Activities Through Outreach and Technical Assistance

The State agency conducted some monitoring of the COVID-19 screening testing program throughout the audit period by providing:

- technical assistance to the vendors during the contract application process;
- COVID-19 screening testing guidance and weekly meetings with K-12 schools and vendors; and
- oversight of the vendors through technical assistance, invoicing procedures, and monthly invoice reconciliations during the audit period.

The State Agency Did Not Award Contracts to Seven Vendors in Accordance With Requirements During Program Implementation

In accordance with the contract request for proposal requirements, the State agency was required to evaluate vendors' contract proposals based on technical criteria for providing services under the testing program listed in the request for proposal. Vendors were required to provide:

- attestation that they had been in the business of providing medical health care, testing, or laboratory services for at least 1 year;

- Clinical Laboratory Improvement Amendments (CLIA) or College of American Pathology (CAP) certifications;^{13, 14}
- a validation study that included at least five specimen assays for COVID-19 signed by the CLIA or CAP laboratory director;¹⁵
- confirmation of an existing laboratory information system that submits COVID-19 laboratory results to the State agency;
- attestation that they were not excluded from participation in, terminated from, or under payment suspension by any Federal- or State-funded health care programs;
- proof of professional liability insurance; and
- confirmation of their ability to provide the required services outlined in the request for proposal.

Of the 19 vendors that were awarded contracts to perform COVID-19 testing services, we identified 7 vendors that did not meet at least 1 of the requirements for providing testing services for students and staff in K-12 schools. For example, one of the vendors attested to being in business for at least 1 year; however, the vendor had only been in business for 9 months when it submitted the application. This error occurred because the vendor was not required to submit documentation, other than the attestation, to support it had been in business at least a year. This vendor was paid approximately \$69 million for COVID-19 testing.

The remaining six vendors attested to providing validation results signed by the laboratory directors; however, the validation studies were not signed by the vendors' laboratory directors. Additionally, one of these six vendors did not provide evidence that it performed assays for COVID-19. The six vendors were paid a total of approximately \$9.7 million for performing COVID-19 testing services during the contract period, even though they did not meet all of the contract requirements.

Regarding the validation studies that were not signed by the vendors' laboratory directors, the State agency explained that the lack of signatures was an oversight that was not identified until after the request for proposal had closed and the contracts had been awarded. The Kentucky

¹³ Laboratories must adhere to regulations set forth in the CLIA, which establishes quality standards for laboratories (42 U.S.C. 263a, 42 CFR 493). To perform testing, laboratories must obtain certification from the Centers for Medicare & Medicaid Services.

¹⁴ CAP operates a laboratory accreditation program. CAP is an approved accreditation organization with deeming authority under CLIA.

¹⁵ "Assay" is a laboratory test to find and measure the amount of a specific substance.

Cabinet for Health and Family Services had an established policy to guide State agency staff through the request for proposal process. According to policy, the State agency was responsible for identifying staff to evaluate responses received from potential vendors.¹⁶ However, there were no additional procedures in place for managing the contract proposal review process. The contract evaluators used a scoresheet that was developed directly from the request for proposal. The request for proposal application included language requiring the laboratory director's signature. When reviewing the documents submitted by the vendors, the contract evaluators did not look for the laboratory director's signature since it was not listed as an evaluation factor on the scoresheet. The omission of the requirement for the laboratory director's signature was an oversight by the State agency. According to the State agency, the bids would have still been accepted because State policy allows for minor irregularities in offers received.¹⁷ The State agency indicated that the failure of the vendors to provide validation studies signed by the laboratory directors was considered a minor irregularity. However, we determined that the State agency awarded the contracts to six vendors without confirming that the laboratory directors certified the validation studies.

The State Agency Did Not Monitor Vendors' Compliance With Background Check Requirements

In accordance with State law and the contract requirements, the vendors were required to ensure all contracted employees who performed COVID-19 testing on K-12 school district property had background checks completed prior to commencing any work.¹⁸ Additionally, in accordance with Federal and contract requirements, the vendors were required to maintain all records pertaining to contracts for at least 3 years following the contract period.¹⁹

According to Federal regulations, non-Federal entities are responsible for oversight of the operations of their Federal award-supported activities. The non-Federal entity must monitor its activities under Federal awards to assure that compliance with applicable Federal requirements and performance expectations are being achieved.²⁰ Additionally, in accordance with the contract terms and conditions, the State agency was required to monitor vendor activities for compliance with Federal and contract requirements.

¹⁶ Kentucky Cabinet for Health and Family Services, Division of Procurement and Grant Oversight, Policy No. DPGO-00-10 (issued Oct. 23, 2020).

¹⁷ Kentucky Finance Administrative Policy 110-10-00(20)(c).

¹⁸ Kentucky Revised Statutes § 160.380(6)(a)(5).

¹⁹ 45 CFR § 75.361.

²⁰ 45 CFR § 75.342.

From our stratified random sample of 292 contracted employees, we determined that 75 contracted employees (associated with 11 vendors) did not have background checks completed prior to performing COVID-19 testing on K-12 school district property. Specifically, we found:²¹

- Eleven vendors did not provide evidence that background checks were completed for 35 contracted employees.
- Two vendors completed background checks for three contracted employees after the contracted employees began performing COVID-19 testing.
- Four vendors completed background checks for 37 contracted employees after the contract period.

The issues we identified occurred because the State agency did not monitor the vendors to ensure background check documentation was obtained or maintained for contracted employees who performed COVID-19 testing on K-12 school district property prior to commencing work in accordance with Federal and contract requirements.

The State agency stated that monitoring of vendor background checks was outside of its oversight responsibilities. However, we noted that the State agency was required to monitor vendor activities for compliance with Federal and contract requirements, which included ensuring that vendor employees had background checks done prior to commencing any work. The State agency did not have procedures in place to monitor the background check documentation in accordance with contract requirements. Failure of the State agency and vendors to ensure that required background checks were conducted in accordance with Federal and contract requirements could have placed the safety of children at risk.

On the basis of our sample results, we estimated that 292 of 2,120 contracted employees in the sampling frame did not have background checks completed prior to performing COVID-19 testing on K-12 school district property.

THE STATE AGENCY GENERALLY USED ELC REOPENING SCHOOLS FUNDING IN ACCORDANCE WITH REQUIREMENTS FOR THE EXPENDITURES REVIEWED

The State agency, in its role as a pass-through entity, was required to monitor activities of vendors to ensure: (1) the awards were used for authorized purposes in compliance with Federal statutes, regulations, and the terms and conditions of the awards; and (2) award

²¹ For the findings we identified in our sample, there could be more than one finding related to a vendor.

performance goals were achieved.^{22, 23} Additionally, financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award are required to be retained for 3 years from the date of submission of the final expenditure report as reported to the HHS awarding agency or pass-through entity.²⁴

For the expenditures we reviewed, the State agency generally used ELC Reopening Schools funding in accordance with Federal and contract requirements. Specifically, in our review of the nonstatistical sample of approximately \$53.8 million in contract expenditures for COVID-19 testing, we determined the State agency maintained documentation to support \$49.2 million in expenditures for COVID-19 testing services for students and staff in K-12 schools. However, the State agency did not maintain adequate documentation to support approximately \$4.6 million in expenditures for COVID-19 testing services. Additionally, for the expenditures we reviewed, we determined that the State agency maintained documentation to support the non-contract expenditures made for the testing program.

The State Agency Generally Maintained Documentation To Support the Contract Expenditures Reviewed

In accordance with contract requirements, the vendors were required to enter the number of COVID-19 tests conducted each week by school into GenTrack. In accordance with Kentucky law and the contract requirements, the vendors were required to report the COVID-19 test results through NEDSS within 24 hours.²⁵

In accordance with contract requirements, invoices were required to be generated monthly from GenTrack and contain the personal service contract form and supporting documentation.²⁶ Additionally, vendors were required to maintain supporting documentation to substantiate the invoice and to provide that documentation to the State agency upon request. Finally, the State agency was required to monitor vendor activities for compliance with Federal and contract requirements.

For the expenditures we reviewed, the State agency generally maintained documentation to support the expenditures for the COVID-19 tests the vendors conducted. The figure below shows the amount of supported and unsupported contract expenditures we identified.

²² 45 CFR § 75.352(d).

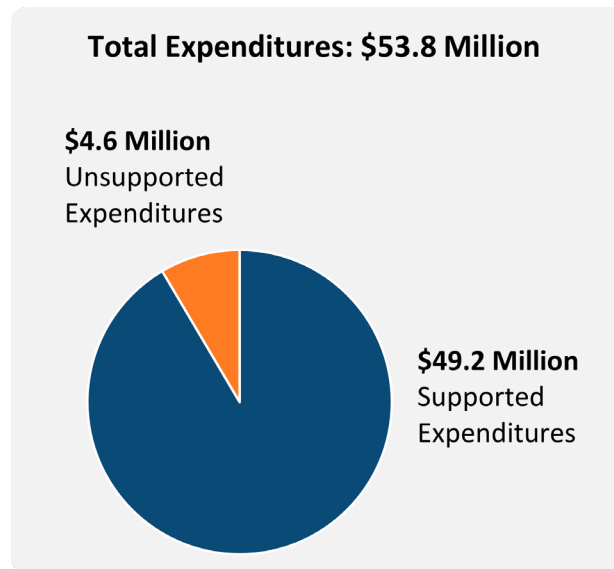
²³ A “pass-through entity” is a non-Federal entity that receives a Federal award and provides a subaward to a subrecipient to carry out part of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract (45 CFR § 75.2).

²⁴ 45 CFR § 75.361.

²⁵ Title 902 of the Kentucky Administrative Regulation, 2:020 § 6 (effective Dec. 15, 2020).

²⁶ A “personal service contract” is an agreement between any Kentucky agency and a private entity to perform services.

Figure: Nonstatistical Sample of Contract Expenditures



In our review of the nonstatistical sample of approximately \$53.8 million in contract expenditures for 561,051 COVID-19 tests, we determined the State agency maintained documentation to support \$49.2 million in expenditures for 512,898 COVID-19 tests of students and staff in K-12 schools. However, the State agency did not maintain adequate documentation when conducting the monthly invoice reconciliations to support approximately \$4.6 million in expenditures for 48,153 COVID-19 tests.

For the expenditures we reviewed, the results of the vendors' invoice review could not be used to estimate total unsupported contract expenditures because we used a nonstatistical sample.

The issues we identified occurred because the State agency did not properly document the monthly reconciliation of the COVID-19 testing invoices for each vendor during the contract period. According to the State agency, the verification of COVID-19 testing was an evolving process throughout the contract period. When COVID-19 tests could not be verified, the State agency worked with the vendors to correct issues throughout the contract period as the testing program evolved. In these instances, the State agency paid the vendors for their work in good faith. However, because the State agency's procedures and guidance provided to the vendors did not require documentation of the monthly invoice reconciliation process to be maintained, the State agency was not able to support some of the expenditures for COVID-19 testing.

The State Agency Maintained Documentation To Support the Non-Contract Expenditures Reviewed

For our nonstatistical sample of non-contract expenditures, we reviewed 12 invoices totaling approximately \$2.6 million in non-contract expenditures. We determined that the State agency maintained documentation to support the non-contract expenditures made for the testing

program. We found the non-contract expenditures were made in accordance with Federal requirements, all of which were allowable expenses under the terms of the award.

RECOMMENDATIONS

We recommend that the Kentucky Department for Public Health:

- develop or update ELC procedures for compliance with Federal and contract requirements, including:
 - managing the contract proposal review process,
 - oversight of contracts to ensure compliance with monitoring background check documentation, and
 - maintaining documentation to support expenditures; and
- work with CDC to determine the allowability of \$4,569,390 in expenditures for COVID-19 testing services and refund to the Federal Government any unallowable amount.

STATE AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

In written comments on our draft report, the State agency concurred with our first recommendation; however, it did not indicate concurrence or nonconcurrence with our second recommendation. The State agency detailed steps it has taken and plans to take in response to our recommendations.

In comments on our first recommendation, the State agency explained that it plans to implement the following initiatives on or before June 30, 2025:

- Revise the procurement staff training curriculum to add topics and address the request for proposal issues identified in the audit and revise procedures to ensure consistent and comprehensive criteria are built into the contract proposal review process.
- Update the State agency's Contract Management Manual to clearly identify the contract monitoring responsibilities and reinforce the monitoring process of contract administrators to ensure compliance with contract language.
- Update the State agency's Contract Management Manual to define the extent of documentation needed to support allowable expenditures and train contract administrators on maintaining documentation to support expenditures.

In comments on our second recommendation, the State agency explained that it has communicated with CDC project officer staff and that all parties believe the recommendation has been resolved to a mutual satisfaction.

The State agency's comments are included in their entirety as Appendix D.

We appreciate the actions the State agency indicated it has taken and will take to address our recommendations. Regarding our second recommendation, once the State agency submits documentation on the allowability of the expenditures, we will reassess the status of this recommendation consistent with our normal audit resolution process.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

Our audit covered approximately \$134.4 million in ELC Reopening Schools award expenditures the State agency incurred during the audit period. We reviewed the State agency's implementation of the testing program and oversight provided to the vendors and K-12 schools during the audit period. Additionally, of the 2,120 contracted employees who performed COVID-19 testing on school district property during our audit fieldwork, we reviewed background check documentation for a stratified random sample of 292 contracted employees as described in Appendix B. Finally, we reviewed a nonstatistical sample of 57 invoices totaling approximately \$53.8 million in contract expenditures and 12 invoices totaling approximately \$2.6 million in non-contract expenditures to determine whether the ELC Reopening Schools funding was used in accordance with Federal and contract requirements.

We did not assess the overall internal control structure of the State agency. Rather, we limited our review of internal controls to those applicable to our audit objectives. Specifically, we assessed the State agency's: (1) processes and procedures for monitoring the COVID-19 screening testing program, including contract management; and (2) procedures for monitoring and maintaining documentation to support ELC Reopening Schools award expenditures. Any internal control deficiencies we found are discussed in this report.

We conducted our audit from July 2023 through March 2025.

METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal, State, and contract requirements;
- met with State agency officials to gain an understanding of how the State agency monitored the implementation of and services provided by vendors under the testing program;
- obtained and reviewed the proposal submission documentation for vendors that were awarded contracts;
- obtained and reviewed the State agency's procedures for obtaining and maintaining documentation to support ELC Reopening Schools award expenditures;
- obtained and reviewed ELC Reopening Schools award expenditures incurred by the State agency during the audit period;

- identified the 2,120 contracted employees who performed COVID-19 testing on K-12 school district property for the 15 vendors that were in operation during our audit fieldwork;
- selected a stratified random sample of 292 contracted employees who performed COVID-19 testing (see Appendix B);
- reviewed background check documentation associated with the 292 randomly selected contracted employees;
- on the basis of our sample results, estimated the total number of contracted employees who did not have background checks completed prior to performing COVID-19 testing on K-12 school district property;
- from the 179 invoices totaling approximately \$128.9 million in contract expenditures, we selected a nonstatistical sample of 57 invoices totaling approximately \$53.8 million. We selected 3 invoices from each of the 19 vendors to ensure we covered contract expenditures for each vendor;
- from the 351 invoices totaling approximately \$5.5 million in non-contract expenditures, we selected a nonstatistical sample of 12 invoices totaling approximately \$2.6 million. We selected these invoices to ensure we covered other types of non-contract expenditures associated with ELC Reopening Schools funding;
- reviewed the documentation to support the ELC Reopening Schools award expenditures for the nonstatistical samples of invoices; and
- discussed the results of our audit with State agency 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.

APPENDIX B: STATISTICAL SAMPLING METHODOLOGY

SAMPLING FRAME

The sampling frame consisted of 2,120 contracted employees who performed COVID-19 testing on K-12 school district property for the 15 vendors that were in operation during our audit fieldwork.

SAMPLE UNIT

The sample unit was a contracted employee.

SAMPLE DESIGN AND SAMPLE SIZE

We used a stratified random sample containing seven strata. Strata 1–6 contained vendors with 30 or more contracted employees. Stratum 7 consisted of all employees for the remaining vendors that had fewer than 30 contracted employees.

Table 1: Sample Design and Size

Stratum	Vendors Contracted To Perform COVID-19 Testing on K-12 School District Property	Frame Size (Contracted Employees)	Sample Size
1	Vendor 1	661	30
2	Vendor 2	655	30
3	Vendor 3	366	30
4	Vendor 4	133	30
5	Vendor 5	118	30
6	Vendor 6	75	30
7	Vendors 7 to 15	112	112
Total		2,120	292

SOURCE OF RANDOM NUMBERS

We generated the random numbers using the OIG Office of Audit Services (OIG/OAS) statistical software.

METHOD FOR SELECTING SAMPLE ITEMS

We sorted the items in each stratum by the contracted employee last name (A to Z), then by the contracted employee first name (A to Z). Once sorted, we consecutively numbered the

items in each stratum in the sampling frame. After generating the random numbers for each of the first six strata, we selected the corresponding frame items for review. We selected all of the contracted employees in stratum 7.

ESTIMATION METHODOLOGY

We used the OIG/OAS statistical software to estimate the total number of contracted employees in the sampling frame whose background checks were not completed by vendors prior to performing COVID-19 testing on K-12 school district property. We used this software to calculate the point estimate and the corresponding two-sided 90-percent confidence interval.

APPENDIX C: SAMPLE RESULTS AND ESTIMATES

Table 2: Sample Results

Stratum	Frame Size (Contracted Employees)	Sample Size	Background Checks in Sample Not Completed Prior to COVID-19 Testing
1	661	30	8
2	655	30	0
3	366	30	0
4	133	30	4
5	118	30	0
6	75	30	23
7	112	112	40
Total	2,120	292	75

Table 3: Estimated Number of Contracted Employees in the Sampling Frame Who Did Not Have a Background Check Completed Prior to Performing COVID-19 Testing on K-12 School District Property
(Limits Calculated at the 90-percent Confidence Level)

Attribute	Statistical Estimates		
	Point Estimate	Lower Limit	Upper Limit
Background checks not completed prior to COVID-19 testing	292	203	380



Andy Beshear
GOVERNOR

CABINET FOR HEALTH AND FAMILY SERVICES

DEPARTMENT FOR PUBLIC HEALTH

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Eric Friedlander
SECRETARY

Steven Stack, MD
COMMISSIONER

4/29/25

Report Number: A-05-23-00018

Sheri L. Fulcher
Regional Inspector General
for Audit Services
Office of Audit Services, Region V
233 North Michigan Avenue, Suite 802
Chicago, IL 60601

Dear Ms. Fulcher:

Attached is the Cabinet for Health and Family Services, Division for Public Health response to the draft report *Kentucky Did Not Meet All of the Requirements for the COVID-19 Screening Testing Program at K-12 Schools*.

If you have any questions or comments about our responses, please do not hesitate to contact me.

Sincerely,

Eric Friedlander

Eric Friedlander
Secretary, Cabinet for Health & Family Services

**Kentucky Department for Public Health responses to the
U.S. Department for Health and Human Services, Office of Inspector General
Audit Report # A-05-00018 Finding and Recommendations**

Audit Finding

Kentucky did not effectively monitor the implementation of the COVID-19 testing program.

Recommendation #1

Develop or update procedures for compliance with Federal and contract requirements pertaining to the management of contract proposal review process.

Management Response

Kentucky concurs with this recommendation. The nature of our corrective action plan includes two initiatives: revising training curriculum and expanding the current procedures. The Division of Procurement and Grant Oversight will add topics and address the Request for Proposal (RFP) issues identified in the audit into the procurement staff training curriculum. New employees will be trained in the onboarding process and existing staff will be retrained on this process annually. In addition, we will revise the RFP procedures to insure consistent and comprehensive criteria are built into the process. All staff will receive this training and the new procedures implemented on or before June 30, 2025.

Recommendation #2

Develop or update procedures for compliance with Federal and contract requirements pertaining to the oversight of contracts to ensure compliance with monitoring background check documentation.

Management Response

Kentucky concurs with the recommendation. The nature of our corrective action plan includes two initiatives: updating the Department for Public Health's Contract Management Manual to more clearly identify the contract monitoring responsibility and reinforcing with contract administrators their role in the contract monitoring process. Although the Department has a Contract Management Manual, it is apparent that the techniques and roles of contract monitoring need to be clarified. Background check monitoring was not specifically identified in the Manual; however, the Department staff need to recognize who is responsible for monitoring deliverables and be capable of developing techniques to ensure compliance with contract language. Internal discussions, Manual revisions, and training will occur on or before June 30, 2025.

Recommendation #3

Develop or update procedures for compliance with Federal and contract requirements pertaining to the maintaining documentation to support expenditures.

Management Response

Kentucky concurs with the recommendation. The nature of our corrective action plan will involve two aspects: updating the Department for Public Health's Contract Management Manual and training contract administrators on maintaining documentation to support expenditures. The Department has in place a Contract Management Manual. However, it is apparent that language needs to be added to define the extend of documentation needed to support allowable expenditures. For this reason, revisions will be necessary to capture this concept and provide a retention schedule to ensure future compliance with audits. To reinforce this practice, manual updates and training will occur with program staff on or before June 30, 2025.

Recommendation #4

Work with CDC to determine the allowability of \$4,569,390 in expenditures for COVID-19 testing services and refund to the Federal Government any unallowable amount.

Management Response

Kentucky acknowledges that testing and reconciliation of testing was a rapidly evolving process that improved with time and experience. The Department for Public Health has communicated with CDC project officer staff regarding the audit recommendation and anticipates support from CDC as all acknowledge that activity occurred within the scope of work of the award and work was performed consistent with grant requirements. All parties believe this has been resolved to mutual satisfaction.

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